



29th Annual Report
2016-17

INSILCO LIMITED

BRIEF PROFILE OF DIRECTORS

Mr. Dara Phirozeshaw Mehta (Chairman of the Board) (Independent Non-Executive Director)



Mr. Dara Phirozeshaw Mehta is a solicitor and advocate. He was admitted to the Bar as an Advocate of the Bombay High Court in 1955 and as a solicitor of the Bombay High Court in 1957. He holds a B.A. degree from Bombay University, an LL.B. degree from Poona University and an LL.M. degree from Harvard University. He is still in active practice as a partner emeritus of Little & Co., Bombay. Mr. Mehta has vast experience in the fields of corporate law, intellectual property law, mergers and acquisitions and arbitration law. He is a director of many other companies.

Mr. Brijesh Arora (Managing Director) (Executive Director)



Mr. Brijesh Arora is Master of Business Administration and Alumnus of the Indian Institute of Management, Calcutta (IIMC)'s Senior Management Program (SMP). He has also done Chartered Accountancy Course from the Institute of Chartered Accountants of India (ICAI), Master of Financial Analysis (MFA) from Institute of Chartered Financial Analyst (ICFAI), Company Secretary course from Institute of Company Secretaries of India (ICSI). He has successfully completed Executive Development Programme-Advanced (EDP Advanced module) of Evonik.

Mr. Brijesh Arora has approx. 25 years of rich experience in different fields of Business Management, Controlling, Finance, Accounts, Legal and Compliances. Mr. Brijesh Arora is associated with this Company for more than 10 years at different senior positions.

Mr. Christian Schlossnikl (Non-executive Non-Independent Director)



Mr. Christian Schlossnikl is Master of Business Administration (University of Krems), Postgraduate course of Business Administration and Law (Technical University of Vienna) and has done a course of Plastics Technology (Montanistic University of Leoben).

Mr. Christian Schlossnikl has approx. 30 years of versatile experience with expertise in production and engineering. He is serving Evonik since 2001 in various important roles and currently designated as Senior Vice President Production and Engineering Silica at Evonik Resource Efficiency GmbH. Before Evonik, he has served various corporates with functional area including head of project for technological and market possibilities of new cellulosic products, global search for cooperation partners and technical director for production of Polyester films and sheets.

Ms. Sonia Prashar (Independent Non-Executive Director)



Ms. Sonia Prashar is Graduate in Science and bachelor of Education from Delhi University. She is also Graduate in German Language from Goethe Institute.

Ms. Prashar has approx. 21 years of rich and versatile experience including representing the Indo-German Chamber of Commerce at various national / international events. She plays a key role in promoting collaborations and constructive communication between Indian and German Companies to develop effective partnership with each other and developing successful networking channels for the access, sharing and dissemination of information with leading Indian & German Industry Associations / Government Bodies. She is currently designated as Deputy Director General of Indo German Chamber of Commerce.

Ms. Meng Tang (Non-executive Non-Independent Director)



Ms. Meng Tang is having a Degree in International MBA and General Management from Rotterdam School of Management, the Netherlands and Master of Biochemical Engineering from East China University of Science and Technology, China. She is also Bachelor of Science in Chemical Engineering from Xi'an Jiaotong University, China.

Ms. Tang has approx. 20 years of rich experience in the field of product development, sales and marketing, strategy development, etc. at senior positions.

CORPORATE INFORMATION

BOARD OF DIRECTORS (As on 18th July, 2017)

Mr. Dara Phirozeshaw Mehta - Chairman
Mr. Brijesh Arora - Managing Director
Mr. Christian Schlossnikl - Director
Ms. Meng Tang - Director
Ms. Sonia Prashar - Director

COMPANY SECRETARY

Mr. Sarvesh Kumar Upadhyay

CHIEF FINANCIAL OFFICER

Ms. Shivangi Negi

STATUTORY AUDITOR

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

INTERNAL AUDITOR

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

BANKERS

BNP Paribas
State Bank of India
ICICI Bank

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE

“The Corenthum”, Office No. 2312,
3rd Floor, 2nd Lobe, Tower A,
A-41, Sector 62, Noida, Uttar Pradesh
Ph : (0120) 4307910-12
Fax : (0120) 4165888
Email : insilco@evonik.com

REGISTRAR AND SHARE TRANSFER AGENT

MCS Share Transfer Agent Limited
F-65, 1st Floor,
Okhla Industrial Area,
Phase-I, New Delhi-110020
Phone : (011) 41406149 - 52
Fax : (011) 41709881
Email : helpdeskdelhi@mcsregistrars.com

COMPANY'S WEBSITE

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

CONTENTS

Particulars	Page No.
Notice	2
Directors' Report	7
Corporate Governance Report	34
Management Discussion and Analysis Report	52
Independent Auditor's Report	61
Balance Sheet	67
Profit & Loss Account	68
Cash Flow Statement	69
Notes to Financial Statements	70
Proxy Form	99
Attendance Slip	100

INSILCO LIMITED

Regd. Office & Works : A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula-244223, Uttar Pradesh
Corporate Office : "The Corenthum", Office No. 2312, 3rd Floor, 2nd Lobe, Tower-A,
 A-41, Sector- 62, Noida-201309, Uttar Pradesh
 Phone : +91 120 4307910-12, Fax : +91 120 4165888,
 E-mail : insilco@evonik.com, Web : www.insilcoindia.com
 CIN : L34102UP1988PLC010141

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Twenty Ninth Annual General Meeting (AGM) of Insilco Limited will be held at the Registered Office of the Company as under:

Day & Date	:	Tuesday, 5th September 2017
Time	:	10:00 A.M.
Venue	:	Insilco Limited A-5, UPSIDC Industrial Estate Bhartiagram, Gajraula - 244223 Uttar Pradesh

to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2017 and the Profit & Loss Account for the year ended on that date along with the Reports of the Directors and Auditor thereon.
2. To appoint a Director in place of Ms. Meng Tang (DIN: 07012101), who retires by rotation and being eligible offers herself for re-appointment.
3. **Appointment of Statutory Auditor**

To consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT subject to provisions of Section 139 and 140 of the Companies Act, 2013 and pursuant to Companies (Audit & Auditors) Rules, 2014 and other applicable provisions, if any, M/s. Price Waterhouse & Co Chartered Accountants LLP, (Firm Registration No. with ICAI - 304026E/E300009) be and are hereby appointed as Statutory Auditor of the Company for their first term of 5 years to hold the office from the conclusion of this 29th Annual General Meeting till the conclusion of 34th Annual General Meeting in place of M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, (Firm Registration No. with ICAI - 301003E/E300005) who have expressed their unwillingness to be re-appointed.

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby authorized to fix the remuneration including out of pocket expenses of the Statutory Auditor and any act already done in this regard is ratified."

By Order of the Board

Sd/-

Sarvesh Kumar Upadhyay
Company Secretary

Place : Noida
 Date : 18th July 2017

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, OR, WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A proxy shall not have right to speak at AGM and shall not be entitled to vote except on poll.
3. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Provided that a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Shareholder.

4. Proxies in order to be effective must be received at the Company's Registered Office at A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula-244223, Uttar Pradesh not less than 48 hours before the time fixed for the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority as applicable, issued on behalf of the appointing organisation. A form of Proxy and admission slip is enclosed. Shareholders are requested to bring their copy of the Annual Report to the Meeting.
5. Admission restricted to members or proxies only. Members / Proxy holders are requested to produce their admission slips at the entrance of the meeting hall.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy verification of attendance at the Meeting.
7. The Register of Members and share transfer books of the Company will remain closed for a period of 12 days from 25th August 2017 to 5th September 2017 (both days inclusive) in terms of Section 91 of the Companies Act, 2013.
8. Members are requested to send their queries, if any, to reach the Company's Registered Office at least 10 days before the date of the meeting so that information can be made available at the meeting.
9. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of businesses at item no. 3 is enclosed.
10. Voting through Electronic means
 - I. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 29th AGM by Electronic means and business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL):

The Instructions of e-voting are as under:

- i) Log on to the e-voting website www.evotingindia.com.
- ii) Click on Shareholders/Members
- iii) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company

- iv) Enter the image verification as displayed and click on Login.
- v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- vi) If you are first time user, follow the steps given below:

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Bank detail or date of birth #	Enter the bank details or date of birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company's record in order to login. If both the details are not recorded with the depository or company please enter the member ID / folio number in the Bank details field as mentioned in instruction (iii).

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required

to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the relevant EVSN on which you choose to vote.
- xi) On the voting page, you will see "Resolution Description" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the "Resolutions File Link" if you wish to view the entire Resolution details.
- xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) If Demat account holder has forgotten the changed login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xviii) Note for Non-Individual Shareholders & Custodians:
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they should create compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- xx) The voting period begins on 2nd September 2017 (9.00 a.m.) and ends on 4th September 2017 (5.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 30th August 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- xxi) The voting rights of shareholders shall be in proportion of their shares of the paid up equity share capital of the Company as on cut-off date (record date) of 30th August 2017.
- xxii) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 30th August 2017 may follow the same instructions as mentioned above for e-Voting.
- xxiii) Mr. Nityanand Singh, Proprietor of M/s. Nityanand Singh & Co., Company Secretaries has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- xxiv) The Scrutinizer shall immediately after the conclusion of voting at the AGM first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in employment of the Company and make, not later than three days of conclusion of the

meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall declare the results of the voting forthwith.

xxv) The results declared along with the report of the scrutinizer shall be placed on the website of the Company www.insilcoindia.com and on the website of CDSL e-Voting immediately after the result is declared by the Chairman. The Company shall also simultaneously forward the results to the Bombay Stock Exchange where the equity shares of the Company are listed.

11. Members can also download the notice of AGM from the website of the Company i.e. www.insilcoindia.com.
12. Copies of Annual Report 2017 and the notice of 29th AGM are being sent by electronic mode to all members whose email addresses are registered with the Company/Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2017 and Notice of 29th AGM are being sent by the permitted mode.
13. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with your Depository Participant to enable us to send you any future communications from the Company via email.
14. As required under Clause 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter in this report referred as 'Listing Regulations'), the particulars of Directors seeking appointment/re-appointment are given in the **Annexure - A**.
15. Under the provisions of Section 72 of the Companies Act, 2013, shareholder(s) is/are entitled to nominate in the prescribed manner, a person to whom his/her/their shares in the Company, shall vest in the event of his/her/their death. Members who are holding shares in physical form and are interested in availing this nomination facility are requested to write to the Company.
16. Copies of all documents referred to in the Notice, if any, are available for inspection at the Registered Office of the Company during normal business hours (8.30 a.m. to 5.30 p.m.) on all working days till the date of the AGM.
17. Members are requested to visit the website of the Company 'www.insilcoindia.com' for viewing the quarterly and annual financial results and for more information about the Company.
18. The route map to reach the venue of the Annual General Meeting is also given in the Annual Report for the ready reference of the Members.

EXPLANATORY STATEMENT

(Pursuant to Section 102(1) of the Companies Act, 2013)

Item No. 3

Appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP as Statutory Auditor

The members are hereby informed that M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, (Firm Registration No. with ICAI - 301003E/E300005) the existing Auditor was appointed for their 2nd term of five years from the conclusion of 28th Annual General Meeting till the conclusion of 33rd Annual General Meeting (subject to ratification of their appointment by the members at every Annual General Meeting). However, M/s. S.R. Batliboi & Co. LLP has now expressed its unwillingness for re-appointment as Auditor of the Company after the conclusion of 29th Annual General Meeting.

The members are further informed that the Company approached to M/s. Price Waterhouse & Co Chartered Accountants LLP, (Firm Registration No. with ICAI - 304026E/E300009), who has expressed its willingness to act as Auditor of the Company, if appointed, and has provided the requisite documents as required under the Act.

Pursuant to the provisions of the Companies Act, 2013, the appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP, (Firm Registration No. with ICAI - 304026E/E300009) is proposed for its first term of five consecutive years from the conclusion of 29th Annual General Meeting until the conclusion of 34th Annual General Meeting of the Company.

The Audit Committee and the Board in their respective meetings held on 16th May 2017 and on 18th July 2017, have approved the appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP, (Firm Registration No. with ICAI - 304026E/E300009) as Statutory Auditor of the Company, subject to approval from members of the Company, for their 1st term of 5 consecutive years i.e. from the conclusion of 29th Annual General Meeting until the conclusion of 34th Annual General Meeting of the Company.

The Board recommends the resolution for approval by the Members. None of the Directors, Key Managerial Personnel & their relatives is concerned or interested, financially or otherwise, in this resolution.

Annexure-A**Details of the Directors seeking appointment / re-appointment at the 29th AGM (Pursuant to Clause 36 of Listing Regulations)****1. Name of the Director : Ms. Meng Tang**

Date of Birth	23rd March 1972
Date of appointment	13th November 2014
Qualifications	Ms. Meng Tang is having a Degree in International MBA and General Management from Rotterdam School of Management, the Netherlands and Master of Biochemical Engineering from East China University of Science and Technology, China. She is also Bachelor of Science in Chemical Engineering from Xi'an Jiaotong University, China.
Expertise in specific functional area	Approx. 20 years of rich experience in the field of product development, sales and marketing, strategy development, etc. at senior positions.
Directorships in other listed companies	Nil
Memberships / Chairmanships of Committees in other listed Companies	Nil
Memberships / Chairmanships of Committees in the Company	Nil
Shareholding, if any, in the Company	Nil
Disclosure of relationship between Directors inter-se	Not related to any director of the Company.

By the order of the Board

Sd/-
Sarvesh Kumar Upadhyay
Company Secretary

Place : Noida
Date : 18th July 2017

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 29th Annual Report together with the Audited Accounts for the Financial Year ended March 31, 2017.

1. EXTRACTS OF THE ANNUAL RETURN

I. Registration and Other Details

Corporate Identity Number (CIN)	L34102UP1988PLC010141
Name of the Company	Insilco Limited
Registration Date	19 th October 1988
Category/Sub category of the Company	Limited by Shares and having share capital
Address of the Registered Office and Contact Details	A-5, UPSIDC Industrial Area, P.O. Bhartiagram, Gajraula, Uttar Pradesh-244 223, India Contact Details : Contact No. : 09837923893, 09837823893, Fax No. : (05924) 252348 Email : Insilco@evonik.com Website : www.insilcoindia.com
Whether Listed Company, if yes, name of the Stock Exchange where listed	Yes, at Bombay Stock Exchange Limited (BSE)
Scrip ID at BSE	500211
Name, Address and Contact details of Registrar and Transfer Agent	M/s. MCS Share Transfer Agent Limited F-65, 1 st Floor, Okhla Industrial Area, Phase – I, New Delhi – 110020 Contact Details : Contact No. : (011) 41406149-52 Fax No. : (011) 41709881 E-mail : helpdeskdelhi@mcsregistrars.com

II. Principal Business Activity of the Company

Business activity contributing 10% or more of the total turnover of the Company.

Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
Precipitated Silica	20116	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Name of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares held	Applicable Section
Evonik Degussa GmbH	Not Applicable	Holding	73.11	2(46)

Your Company does not have any Subsidiary or Associate Company.

IV. Share Holding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)
i) Category-wise Share Holding

S. No.	Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Promoters									
(1)	Foreign									
(a)	Bodies Corporate	0	45,853,315	45,853,315	73.11	11,357,645	34,495,670	45,853,315	73.11	0.00
	Total Share holding of Promoter (A)	0	45,853,315	45,853,315	73.11	11,357,645	34,495,670	45,853,315	73.11	0.00
(B)	Public shareholding									
(1)	Institutions									
(a)	Mutual Funds/ UTI	0	14,060	14,060	0.02	0	14,060	14,060	0.02	0.00
(b)	Financial Institutions/ Banks	330	23,350	23,680	0.04	330	23,350	23,680	0.04	0.00
(c)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (B)(1)	330	37,410	37,740	0.06	330	37,410	37,740	0.06	0.00
(2)	Non-institutions									
(a)	Bodies Corporate									
(i)	Indian	2,542,830	82,880	2,625,710	4.19	2,364,504	82,880	2,447,384	3.90	(0.29)
(ii)	Overseas	165,080	0	165,080	0.26	165,080	0	165,080	0.26	0.00
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital up to Rs 1 lakh	8,608,906	2,673,157	11,282,063	17.99	7,447,011	2,633,027	10,080,038	16.08	(1.92)
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2,697,183	0	2,697,183	4.30	4,063,275	0	4,063,275	6.48	2.18
(c)	Any Other									
(i)	NRIs	52,639	1,270	53,909	0.09	66,858	1,270	68,128	0.11	0.02
(ii)	Trust	0	0	0	0	40	0	40	0.00	0.00
	Sub-Total (B)(2)	14,066,638	2,757,307	16,823,945	26.83	14,106,768	2,717,177	16,823,945	26.83	0.00
	Total Public Shareholding (B)=(B)(1)+(B)(2)	14,066,968	2,794,717	16,861,685	26.89	14,107,098	2,754,587	16,861,685	26.89	0.00
	GRAND TOTAL (A)+(B)	14,066,968	48,648,032	62,715,000	100	25,464,743	37,250,257	62,715,000	100	0.00

ii) Shareholding of promoters

Share holders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
Evonik Degussa GmbH	45,853,315	73.11	0.00	45,853,315	73.11	0.00	0.00

iii) **Change in Promoters' Shareholding:** There was no change in the promoters' Shareholding during the Financial Year 2016-17.

iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** The shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) are attached as **Annexure 1**.

v) **Shareholding of Directors and Key Managerial Personnel:** Directors or Key Managerial Personnel did not have any shareholding in the Company during the Financial Year 2016-17.

V. Indebtedness

Your Company did not have any secured loans, unsecured loans or deposits at the beginning of the year and at the end of the year.

VI. Remuneration of Directors and Key Managerial Personnel:

A. Remuneration to Managing Director and Whole-time Director

(Amount in Rs.)

S. No.	Particulars of Remuneration	Name of Managing Director (MD)/ Whole-time Director		Total
		Mr. Frank Heinz Lelek (MD) ¹	Mr. Brijesh Arora (JMD & MD)	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	-	5,916,878	5,916,878
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	-	277,001	277,001
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	a. As % of profit	-	-	-
	b. Other, specify	-	-	-
5	Other, please specify	-	-	-
	Total (A)	-	6,193,879	6,193,879
	Ceiling as per the Act ²	1,843,333 ³	16,800,000 ⁴	18,643,333

- Mr. Frank Heinz Lelek was appointed as MD w.e.f. 1st March 2015 and he opted not to receive any remuneration. Mr. Lelek resigned as MD of the Company w.e.f. 19th June 2016. He continued as Non-executive Director of the Company till 4th August 2016 and on 4th August 2016 he resigned from the Board and other Committee positions of the Company.
- Ceiling has been calculated per annum pursuant to the provisions of Section IV, Part II of Schedule V of the Companies Act, 2013, which does not include contribution to PF, superannuation fund or annuity fund to the extent either singly or put together are not taxable under the Income-tax Act, 1961. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure.
- On pro-rate basis for his tenure as MD. This limit is decided after passing special resolution.
- Pursuant to Notification of Ministry of Corporate Affairs dated 12th September 2016. This limit is decided after passing special resolution.

B. Remuneration to Other Directors
i. Sitting fee to Independent Directors

(Amount in Rs.)

Particulars of Remuneration	Name of Independent Directors			
	Mr. Dara Phirozeshaw Mehta	Mr. Guido Johannes Christ ⁵	Ms. Sonia Prashar ⁶	Total Remuneration
1. Independent Directors				
a. Fee for attending Board & Committee Meetings	370,000	200,000	250,000	820,000
b. Commission	-	-	-	-

ii. Remuneration to Non-executive Non-independent Directors

(Amount in Rs.)

Particulars of Remuneration	Name of Non-executive Non-independent Directors					
	Dr. Mustafa Siray ⁷	Mr. Frank Heinz Lelek ⁸	Ms. Meng Tang	Mr. Harish K. K. Davey ⁹	Mr. Christian Schlossniki ¹⁰	Total Remuneration
1. Independent Directors						
a. Fee for attending Board & Committee Meetings	-	-	-	-	-	-
b. Commission	-	-	-	-	-	-

C. Overall managerial remuneration and ceiling¹¹

(Amount in Rs.)

Total Managerial Remuneration	6,193,879
Overall Ceiling as per the Act	18,643,333

D. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in Rs.)

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Ms. Shivangi Negi (CFO)	Mr. Sarvesh Kr. Upadhyay (Company Secretary)	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,117,200	965,400	2,082,600
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	56,459	36,058	92,517
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	a. As % of profit	-	-	-
	b. Other, specify	-	-	-
5	Other, specify	-	-	-
	Total (A)	1,173,659	1,001,458	2,175,117

 5. Mr. Christ resigned as Director w.e.f. 4th August 2016.

 6. Ms. Prashar was appointed as Independent Director w.e.f. 4th August 2016.

 7. Dr. Siray resigned as Director w.e.f. 30th June 2016.

 8. Mr. Lelek's designation was changed from MD to Non-executive Director w.e.f. 19th June 2016. He continued as Non-executive Director till 4th August 2016 and on 4th August 2016 he resigned from the Board and other Committee positions of the Company.

 9. Mr. Davey was appointed as Non-executive Non-independent Director w.e.f. 4th August 2016.

 10. Mr. Schlossniki was appointed as Non-executive Non-independent Director w.e.f. 4th August 2016.

11. This does not include sitting fee as prescribed under the Companies Act, 2013.

VII. Penalties / Punishment / Compounding of Offences: There was no penalty / punishment / compounding fee imposed on the Company / Directors / any other officer of the Company.

2. NUMBER OF MEETINGS OF THE BOARD

The Board duly met 5 times in Financial Year 2016-17 on 5th May 2016, 4th August 2016, 26th September 2016, 11th November 2016 and 7th February 2017.

3. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors' state that;

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliances with the provisions of all applicable laws and that such systems were adequate and operating effectively.

4. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF DIRECTORS ETC.

Pursuant to Section 178(1) of the Companies Act, 2013 and Clause 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations"), the Board of Directors has constituted a Nomination and Remuneration Committee. A Nomination and Remuneration Policy of the Company has also been laid down and approved by the Nomination and Remuneration Committee and the Board. The said policy lays down the criteria for the appointment of Directors, Key Managerial Personnel and Senior Management Personnel. The said policy also specifies the appointment and remuneration including criteria for determining qualification, term/tenure, positive attributes, independence of Directors, criteria for performance evaluation of Executive and Non-executive Directors (including Independent Directors), removal, policy on Board diversity, Directors and Officers' Insurance and other matters as prescribed under the provisions of the Companies Act, 2013 and Listing Regulations. The said policy of the Company is attached as **Annexure-2** to this report.

5. SECRETARIAL AUDIT

M/s. Nityanand Singh & Co. a firm of Company Secretaries having their address at 14, 2nd Floor, Arjun Nagar, Safdarjung Enclave, New Delhi - 110029 has conducted the Secretarial Audit of the Company for the Financial Year 2016-17. The Secretarial Audit Report issued by the said firm is attached to this report as **Annexure-3**.

6. EXPLANATION OR COMMENTS BY THE BOARD ON QUALIFICATIONS, RESERVATIONS, ADVERSE REMARKS OR DISCLAIMERS MADE

(i) BY STATUTORY AUDITOR

The members are informed that there are following qualification made by Statutory Auditor in the report of internal control over financial reporting. The said qualification and comments of the Board on the same are as follows:

Qualification in the report of internal control over financial reporting

The Company's internal control system with respect to production cost records and related process i.e. Input Output Ratio, Linkage to Bill of Materials with consumption and updation of manual records related to production were not operating effectively, which could potentially result in material misstatement in consumption of raw materials and of carrying values of inventory in the books of account and inadequate disclosures in the financial statements.

Comments by the Board

The aforesaid qualification pertains to report on Internal Control over Financial Reporting and it does not have any impact on financials and accordingly, there is no qualification in audit report in respect of financial statements. Further, the Company is under process to improve its controls with respect to production cost records and related process.

(ii) BY THE COMPANY SECRETARY IN PRACTICE IN HIS SECRETARIAL AUDIT REPORT

The members are hereby informed that Secretarial Audit Report was a qualified report. The qualification and comments of the Board on the same are as follows:

Qualification

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc. as mentioned in the Secretarial Audit Report except as following:

Regulation 31(2) of the SEBI (Listing Regulations And Disclosure Requirements) Regulations, 2015, implemented with effect from December 1, 2015, mandates that listed entities should ensure that 100% of shareholding of promoter(s) and promoter group is in dematerialized form and the same is maintained on a continuous basis in the manner specified by SEBI.

Comments by the Board

The promoter of the Company i.e. Evonik Degussa GmbH started the process of dematerlisation of their holding. As on 31st March 2017, out of 45,853,315 equity share, 11,357,645 equity shares have been converted into dematerialized form.

The Board of your Company is following up this matter with promoters and it is expected that soon Regulation 31(2) of the Listing Regulations will be complied with.

The previously mentioned non-compliance of Regulation 31(2) of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 is also part of Corporate Governance Certificate as qualification. The above Comments of the Board on non-compliance of Regulation 31(2) should also be taken as comments on the qualification recorded in Corporate Governance Certificate.

As on the date of signing of this Directors' Report, 2,495,670 equity shares were pending for Demat.

7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year, the Company had not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013.

8. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Particulars of Contracts or arrangements with related parties are given in form AOC 2 which is attached as **Annexure-4** to this report.

Pursuant to the provisions of the Companies Act, 2013 and Clause 23 of the Listing Regulations, the Board has laid down a policy on dealing with related party transactions and the same is available on the website of the Company at the following link: www.insilcoindia.com → Investors → Policies

9. THE STATE OF THE COMPANY'S AFFAIRS
A. Financial Highlights

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

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Gross Turnover	961	803
Other Income	33	28
Total Expenditure (including excise duty)	(952)	(799)
Profit before Depreciation & Exceptional Items	42	32
Depreciation	(21)	(13)
Profit/ (Loss) for the year before exceptional items	21	19
Exceptional items	(4)	-
Profit/(Loss) before tax	17	19
(Provision for)/Release of Taxation	(7)	(4)
Profit/(Loss) after tax	10	15

B. Results of Operations

Sales of Precipitated Silica during the year were 14,939 MT as against 12,304 MT in the previous year. The Production during the year was 15,023 MT (previous year 12,028 MT).

Your Company achieved a sales turnover of Rs. 961 Million during the year as compared to Rs. 803 Million in the previous year and recorded a profit before depreciation and exceptional items of Rs. 42 Million as against

a profit of Rs. 32 Million in the previous Financial Year. The Company had reserves of Rs. 281 Million as on 1st April 2016. The profit for the Financial Year 2016-17 was Rs. 10 Million.

The Company is endeavored to increase its turnover and increase its profit. The Company is looking for optimum utilization of its assets and other resources so that journey of profitable growth is continued. With the support of Evonik, we continue to make efforts to optimize energy utilization, manufacture high quality products, improve plant safety, improve efficiency and higher capacity utilization. We are providing quality product, application and technical support and overall service to the Customers.

C. Future Outlook

The Indian economy is improving and showing potential for growth. The Company continues to enjoy a high standing with its customers because of its quality, value added services and strong technical support from parent Company. Besides, it is actively considering the change of source of energy at its plant to reduce the energy costs and pursuing all growth opportunities to improve the results. The quality conscious customers are showing faith in our quality products. The Company has also managed to gain few lost customers and it is actively trying to increase its customer base. However, the future growth of the Company will depend upon our ability to optimize our costs by making our products more competitive, increasing capacity utilization, efficiency improvement and the willingness of Customers to pay premium for our high quality products. There are also concerns with respect to ongoing matter of cleaning of river Ganga, which is explained in detail under point no. 15 of this Directors' Report. Based on the legal opinion obtained in this matter, the Company believes that it will come out of this matter successfully. There are inherent opportunities available for the Company in the target industries such as Tyres, Automotive Components, Mechanical Rubber Goods, Footwear, Agrochemicals and Food. The silica applications in all these industries are growing rapidly. The Company is continuously improving safety, plant condition, efficiency and yield. The Company is actively pushing growth opportunities to use the unutilized production capacity and improve product mix.

10. TRANSFER TO RESERVES

The Company had reserves of Rs. 281 Million as on 1st April 2016. The profit for the Financial Year 2016-17 was Rs. 10 Million. During the year, the Company has taken a forward cover contract against a firm commitment. On this forward cover, hedging reserve of INR 1 Million has been created and transferred to reserves. Therefore, the closing balance of the reserves and surplus as on 31st March 2017 amounted to Rs. 290 Million.

11. DIVIDEND

No dividend is recommended considering the operational performance of the Company.

12. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF REPORT

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of the report.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The details of conservation of energy, technology absorption, foreign exchange earning and outgo during the year are as follows:

A. Conservation of Energy

Your Company always emphasizes on conservation of Energy and Natural Resources. The Company is giving priority to energy conservation measures including regular review of energy generation, consumption and effective control on utilization of energy.

We have reduced product change over time in production process and improved energy efficiency.

Due to plant upgradation system, fuel efficiency has improved and overall energy consumption (Power & HSD) has reduced per ton of Silica.

B. Technology Absorption

1. The effort made towards technology absorption

The technology for manufacture of various grades of Precipitated Silica has been supplied by the parent Company, Evonik Degussa GmbH, Germany. We believe that it is important, that in future we can offer an even broader technology support/base to meet our customers' growing long-term needs. The modification of process, equipment and products are carried out to meet changes in market requirements and to improve operational efficiency.

2. Benefits derived from the above efforts

Focus on value added products, technical support to customers, optimum utilization of resources for production and higher yield.

3. Technology imported during last three years

The Company has not imported any technology during last three years reckoned from the beginning of the Financial Year.

4. Expenditure on Research and Development

The Company has not incurred any expenditure on Research and Development.

C. Foreign Exchange earnings and outgo

The Foreign Exchange earning in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows were as follows:

(Rs. in '000)

Total Foreign Exchange used and earned	Year ended 31 st March 2017	Year ended 31 st March 2016
a) Total Foreign Exchange earned	3,939	5,140
b) Total Foreign Exchange used	9,152	7,556

14. STATEMENT ON RISK MANAGEMENT POLICY

The Board of Directors has developed and implemented a Risk Management Policy for the Company. The Company has taken proper initiatives to mitigate risks. In the opinion of the Board there are following risks which could threaten the existence of the Company:

1. Risk of HSD (Diesel) prices going up substantially.
2. Loss of Market Share if our product rates are significantly higher than competitors.
3. Environmental Risk if stringent norms introduced by government for chemical industry near the Ganga River.

The Board has also taken certain steps to minimize the same and its current status are given below:

1. Risk of HSD (Diesel) prices going up substantially

Current Status of Action Taken :

To minimize the aforesaid risk, the Board had approved to switch the source of energy from High Speed Diesel to Coal for drying activity by implementing the Coal Fired Hot Air Unit at Gajraula Plant of the Company. Basic Engineering was completed. The hazard and operability study (HAZOP) for coal fired hot air generator had been submitted to Evonik, Germany for evaluation. Meanwhile, the Company is also analyzing/evaluating alternate source of energy. Based on current position, there is strong view that based on feasibility of alternate options, coal project will be dropped.

2. Loss of Market Share if our product rates are significantly higher than competitors

Current Status of Action Taken:

To minimize the aforesaid risk, the Board had already approved to switch the source of energy from High Speed Diesel to Coal for drying activity by implementing the Coal Fired Hot Air Unit at Gajraula Plant of the Company. Basic engineering for the same is being done with the help of Evonik Industries AG. Hazard and Operability (HAZOP) analysis has been done and is being analyzed by Evonik Industries AG.

The Company is also evaluating alternate source of energy for drying activity.

The Company is also continuing a system of tracking of its vendor's raw material cost to correlate the prices of Company's purchase with them.

3. Environmental Risk if stringent norms introduced by government for chemical industry near the Ganga River

Current Status of Action Taken:

Central Pollution Control Board has identified 17 categories of Industries which are highly polluted in the river Ganga Basin. We are not a highly polluted industry as per the notified list. The Company has also got the Annual air consent from Uttar Pradesh Pollution Control Board (UPPCB) which is valid till Dec 2017. The Company has applied for water consent for 2016 and 2017, which is pending due to the following reasons:

- Insilco received a letter dated 16th September 2016 from UPPCB imposing one of the condition as “Zero discharge of polluted water from the factory”.
- As this condition was unfair, Insilco vide its letter dated 30th September 2016 replied to the above said letter of UPPCB and requested with reasons thereof for not imposing such condition.
- We are expecting some correspondence in this regard soon.

The Company had also applied for approval of UPPCB for implementing Coal Fired Hot Air Unit at Gajraula Plant for which No Objection Certificate ('NOC') has already been received.

The members are hereby further informed that there was a case pending in Hon'ble National Green Tribunal (NGT) for cleaning of river Ganga. The NGT as passed its detailed judgment dated 13th July 2017 in the said matter. The complete details of this matter is given below point no. 15 i.e. “Ganga Cleaning Matter with NGT”.

The Risk Management Policy of the Company is available on the website of the Company at the following path: www.insilcoindia.com → Investors → Policies.

15. GANGA CLEANING MATTER PENDING WITH NATIONAL GREEN TRIBUNAL

The members are hereby informed that your Company received a letter from Uttar Pradesh Pollution Control Board (UPPCB) dated 27th January 2017 for appearing before National Green Tribunal (NGT) on 6th February 2017 in the matter of M. C. Mehta Vs. Union of India and Others (Original Application No. 200/2014) i.e. matter of cleaning of Ganga. The said letter was issued to various industrial units located near Bagad River. On 6th February 2017, NGT issued a show cause notice to all the industrial units at Gajraula on the ground of pollution including Insilco Limited and asked as to why they should not be directed to shut down their units forthwith. The Company had filed its detailed reply with NGT.

However, the matter was not heard and on 24th April 2017, the NGT formed a special high power inspection team and directed them to visit Industries in Gajraula Industrial Area on 25th April 2017 and to report their observations on 26th April 2017 to NGT. The said Committee visited 13 industries in Gajraula and submitted their observations verbally with the NGT on 26th April 2017. The NGT passed its order dated 26th April 2017 on the basis of verbal observation explained before the NGT.

For Insilco Limited, the order of NGT dated 26th April 2017 inter-alia stated that *Insilco is using fresh water for dilution of treated effluent which is impermissible. Insilco is prescribed with the limit of Sodium Absorption Ratio (SAR). Since Insilco has to maintain that ratio, rather than treating the same appropriately, it is diluted by adding fresh water and with Magnesium Sulphate so that it does not exceed the prescribed limit. This is practically a fraud being played.* Similarly, the said order stated various negative comments for other industries in Gajraula.

Based on such observation, the NGT ordered shut down of all the 13 units including Insilco Limited in Gajraula Industrial Area and NGT has given option to them to come up with future plan of compliance for resuming operability of the Company and in this regard the matter was scheduled to be heard on 8th May 2017.

The shareholders are hereby informed that the aforesaid order of the NGT dated 26th April 2017 was not on merits and our plant at Gajraula has always been in full compliance with the applicable pollution norms.

The report of the said Committee was uploaded on the website of Central Pollution Control Board on late evening of 4th May 2017.

The observations of the said report for Insilco was that:

1. The industry generates effluent having high Total Dissolved Solid (“TDS”);
2. The unit should opt for Zero Liquid Discharge (ZLD);
3. The unit should adopt recovery of salt (Na₂SO₄) with any appropriate system and explore possibilities of re-use of treated water at nearby industries; and
4. The unit should stop using fresh water dilution for reducing SAR in order to comply with the consent condition.

The report recommended that (i) the unit shall stop using fresh water dilution for reducing the SAR in order to comply with the consent condition; (ii) the treated water may be used at nearby industries so that the overall stress on the ground water in the area is reduced. This approach shall be through MoU and consent of UPPCB.

Insilco Limited filed its reply in NGT on 5th May 2017 alongwith reply to the observations/recommendations made in the report of the said Committee. The reply of Insilco Limited filed with NGT, inter-alia, included the following brief reply to the observations of the said report:

1. That no TDS limit has been prescribed for Insilco Limited in the water consent conditions and all such applicable condition is being complied with.

2. That Insilco Limited does not fall within the Red Category of Industries of Central Pollution Control Board (CPCB) / Ministry of Environment and Forest (MOEF) and is also not included in the 17 categories of highly / seriously polluting industries identified by CPCB and MOEF, such as Pharmaceuticals, Chlor Alkali, Fertilizers, Pesticides, Petrochemicals, Large Power Plants, Cement, Aluminum, Zinc, Copper, Iron & Steel, Large Pulp & Paper, Distillery, Sugar, Oil Refinery, Dye and dye intermediate and Tannery. That the CPCB as per the advice of NGT has come out with ZLD requirement for industries and ZLD is prescribed only for 5 industries i.e. Distillery, Tannery, Textiles, Pharmaceuticals and Dye and Dye Intermediaries. Insilco Limited do not fall under these prescribed industries and hence requirement of ZLD is not applicable on Insilco.
3. That for recovery of salt (Na_2SO_4) with any appropriate system and exploring the possibilities of re-use of treated water, Insilco Limited has reached out to various recognized scientific institutions of the country, including Delhi Technological University (DTU) (Formerly known as Delhi College of Engineering); The Indian Institute of Technology (IIT), Kanpur; and the Department of Chemical Engineering, Malaviya National Institute of Technology, Jaipur for availing their assistance and expertise in finding some techno commercial viable method for the following:
 - i. Reducing Sodium Sulphate to the maximum extent possible and recover the same for other uses in terms of the suggestion made in the Report;
 - ii. Reduce water consumption in the manufacturing process in terms of the suggestion made in the Report; and
 - iii. Recycle and reuse of treated water in terms of the suggestion made in the Report.

4. That Insilco is complying with the conditions of water consent including conditions with respect to SAR.

This matter was heard on 8th May 2017. The Company pleaded that recommendations with regard to ZLD is not practical for our plant and pollution authority should prescribe some appropriate method. After the hearing, the Plant of the Company was allowed to resume operations subject to following directions:

1. The industry would pay a sum of INR 1.5 Million voluntarily and it is only upon payment of that amount to the Central Pollution Control Board (CPCB) that it would be permitted to operate.
2. The industry will comply with all the recommendations and directions contained in the Joint Inspection Report immediately and without delay and default.
3. In regard to Zero Liquid Discharge (ZLD) and whether the dilution of 1/1 should be permitted, the industry would put forward it case before the Joint Inspection Team which will offer its comments and place the Report before the Tribunal.
4. The industry will obtain positively the permission from the CGWA now without any delay.
5. The Joint Inspection Team shall place complete and comprehensive Report including the source, quantum and quality of the ground water that is being extracted.
6. The inspection Report should be submitted before the Tribunal within two weeks from the date of order (i.e. 8th May 2017).

The order dated 8th May 2017 also stated that if the industry fails to comply with these directions, it should be liable to be closed without any further notice.

Pursuant to the order of NGT dated 8th May 2017, the Insilco deposited INR 1.5 Million with Central Pollution Control Board on 9th May 2017 and restarted its production from late evening of 9th May 2017.

As directed by the NGT in its order dated 8th May 2017, the special high power inspection team visited the plant of Insilco at Gajraula. The existing full compliance status along with the measures taken for improvement were explained by the plant management to the inspection team. However, as on the date of the signing of this report, the report of said inspection team has not yet been received by the Company. The NGT, on 13th July 2017 pronounced its detailed judgement in this matter where it has given certain specific directions with respect to Bagad River (drain), besides general directions, which are as follows:

- a) The Bagad river (drain) inclusive of Mahua, should be cleaned, dredged and maintained as a river or storm water drain.
- b) All the 12 industries located in the catchment area of this drain, which are highly polluting should be put under strict surveillance by the UPPCB as well as the Joint Inspection Team.
- c) The Joint Inspection Team has already been directed to inspect these industries to conform with appropriate conditions for permitting and operating all these functions.

- d) These industries have been directed to comply with the conditions of the consent order and directions issued by the Joint Inspection Team under the provisions of the Water (Prevention and Control of Pollution) Act, 1974 and Environmental (Protection) Act, 1986.
- e) In the event of these industries not complying with such directions, they shall be liable to be closed without any further notice.
- f) The Joint Inspection Team and the UPPCB shall submit compliance report in relation to these industries before the Tribunal upon regular intervals.

The Company states that it has complied with the current applicable pollution norms. But it is possible that the pollution authorities may come up with fresh requirements for compliance which will have to be examined and considered, if received.

16. POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Board of Directors of the Company has also laid down a policy on prevention of sexual harassment at workplace. A Complaint Committee has also been formed by the Board of Directors to look into the complaints received, if any. During the year, the Company did not receive any complaint under the said policy. The said policy is available on the website of the Company at the following link: www.insilcoindia.com → Investors → Policies.

17. CORPORATE SOCIAL RESPONSIBILITY (CSR) OF THE COMPANY

Pursuant to the provisions of Section 135 of the Companies Act, 2013, CSR policy does not apply to your Company. Accordingly, your Company has not formed CSR Committee.

However, the Company has suo moto provided few televisions for improving the infrastructure of one of the nearby School.

18. STATEMENT ON ANNUAL EVALUATION OF THE BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS

The Board has laid down the manner and criteria of evaluation of Board of its own, Committees and Individual Directors in which annual evaluation of the Board, Committees of the Board and Individual Directors would be evaluated. The said criteria is aligned with the SEBI circular dated 5th January 2017 on 'Guidance Note on Board Evaluation'. The evaluation includes various criteria including performance, knowledge, roles and responsibilities etc.

The Board of Directors has evaluated its Committees, Individual Directors (i.e. Executive and Non-executive Director) and the Board itself. After evaluation, the Board found their performances upto the mark and satisfactory. The Nomination and Remuneration Committee has also evaluated individual performance of each Director and found it satisfactory.

19. WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177(10) of the Companies Act, 2013 and Clause 22 of the Listing Regulations, the Company has established a "Whistle Blower Policy" for employees to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

The said mechanism is available to all the employees of the Company and operating effectively. During the year, the Company has not received any complaint through such mechanism. The copy of the said policy is available on the website of the Company at the following path: www.insilcoindia.com à Investors à Policies

20. CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year, your Company has not changed the nature of its business.

21. DIRECTORS & KEY MANAGERIAL PERSONNEL (KMP)

Sad demise of Mr. Harishkumar Kanaiyalal Davey

With huge regret, the Shareholders are hereby informed of the sad demise of Mr. Davey on 10th July 2017. Mr. Davey joined the Board on 4th August 2016. In his short tenure, Mr. Davey made a significant contribution to the sound management of the business of the Company. The unexpected passing away of Mr. Davey will be an irreparable loss to the Company and all the directors and the employees of the Company convey deep sympathy, sorrow and condolences to his family.

We bid farewell to our esteemed Director with deep mourning and gratitude.

Change in Directors and KMP

Mr. Frank Heinz Lelek resigned as Managing Director of the Company with effect from closing of working hours of 19th June 2016 due to some other assignment in Evonik Industries AG. Consequent to the same, he also ceases to exist as whole-time key managerial personnel. Mr. Frank Heinz Lelek continued as Director (non-executive) of the Company till closure of working hours of 4th August 2016 and resigned from that date. The Board placed on records its deep appreciation for the valuable services rendered to the Company by Mr. Frank Heinz Lelek during his tenure as its Managing Director and Director respectively.

Dr. Mustafa Siray has resigned as Director of the Company with effect from closing of working hours of 30th June 2016 due to his retirement from the Evonik Group. The Board placed on record its deep appreciation for the valuable support and guidance provided by Dr. Mustafa Siray during his tenure.

Mr. Guido Johannes Christ has also resigned as Director of the Company with effect from closing of working hours of 4th August 2016 due to his retirement. The Board placed on record its deep appreciation for the valuable support and guidance provided by Mr. Guido Johannes Christ during his tenure.

To strengthen the Board, the Board had appointed Mr. Harishkumar Kanaialal Davey as an Additional Director (Non-Executive Non-Independent Director) of the Company with effect from 4th August 2016. Mr. Harishkumar Kanaialal Davey was holding the office of an Additional Director upto the date of next AGM which was held on 26th September 2016. In the said AGM, the Shareholders of the Company appointed Mr. Harishkumar Kanaialal Davey as a Director of the company liable to retire by rotation. Mr. Harishkumar Kanaialal Davey was a Chemical Engineer and possessed a Master's Degree in Marketing Management. He was an Alumni of Kellogg school of Business (Executive Education) and ISB. Mr. Davey had approximately 36 years of rich and versatile experience. He had worked as a country manager for Eastman Chemical Company and in 1996, he took on the position of Managing Director for South Asia as well as the Director of Corporate Development and had worked in both India and the United States of America. 2010 onwards, he had held the position of President of Strategy & Business Development at Reliance Industries Limited, where he was responsible for evaluating global mega trends and their impact as growth drivers with the aim of generating sustainable, profitable growth. In February 2016, he was appointed as President of Region India of Evonik Group and took over as Managing Director of Evonik India Private Limited from April 2016.

To strengthen the Board, the Board has also appointed Mr. Christian Schlossnikl as an Additional Director (Non-independent Non-Executive) of the Company with effect from 4th August 2016. Mr. Christian Schlossnikl was holding the office of an Additional Director upto the date of next AGM which was held on 26th September 2016. In the said AGM, the Shareholders of the Company appointed Mr. Christian Schlossnikl as a Director of the company liable to retire by rotation. Mr. Christian Schlossnikl is Master of Business Administration (University of Krems), Postgraduate course of Business Administration and Law (Technical University of Vienna) and has done a course of Plastics Technology (Montanistic University of Leoben). Mr. Christian Schlossnikl has approx. 30 years of versatile experience with expertise in production and engineering. He is serving Evonik since 2001 in various important roles and currently designated as Senior Vice President Production and Engineering Silica at Evonik Resource Efficiency GmbH. Before Evonik, he has served various corporates with functional area including head of project for technological and market possibilities of new cellulosic products, global search for cooperation partners and technical director for production of Polyester films and sheets.

To strengthen the Board, the Board has also appointed Ms. Sonia Prashar as an Additional Director (Independent Non-executive Director) of the Company with effect from 4th August 2016. Ms. Sonia Prashar was holding the office of an Additional Director upto the date of next AGM i.e. 26th September 2016. In the said AGM, the Shareholders of the Company appointed Ms. Sonia Prashar as a Director (Independent Non-executive Director) of the Company for a non-rotational term of upto 5 consecutive years. Ms. Sonia Prashar is a Graduate in Science and a Bachelor of Education from Delhi University. She is also a Graduate in the German Language from the Goethe Institute. Ms. Prashar has approximately 21 years of rich experience and has been working in the Indo-German Chamber of Commerce (IGCC) since 1996. She is currently designated as Deputy Director General of IGCC. Before this position, she has served IGCC as Director - Marketing & Trade Fairs. She plays a key role in promoting collaborations and constructive communication between Indian and German Companies to develop effective partnership with each other.

To fill the position of Managing Director and whole time key managerial personnel, Mr. Brijesh Arora was promoted and appointed as Managing Director of the Company with effect from 4th August 2016 subject to approval of Shareholders by way of Special resolution. The Shareholders of the Company, in their meeting held on 26th September 2016 appointed Mr. Brijesh Arora as Managing Director of the Company for a period of 5 years w.e.f. 4th August 2016. Before the appointment of Mr. Brijesh Arora as Managing Director, he was positioned as Whole-time Director designated as Joint Managing Director of the Company with effect from 1st March 2015. Mr. Brijesh Arora is Master of Business Administration and Alumnus of the Indian Institute of Management, Calcutta (IIMC)'s Senior Management Program (SMP). He has also done Chartered Accountancy Course from the Institute of Chartered Accountants of India

(ICAI), Master of Financial Analysis (MFA) from Institute of Chartered Financial Analyst (ICFAI), Company Secretary course from Institute of Company Secretaries of India (ICSI). He has successfully completed Executive Development Programme-Advanced (EDP Advanced module) of Evonik. Mr. Brijesh Arora is having approx. 25 years of rich experience in different fields of Business Management, Controlling, Finance, Accounts, Legal and Compliances. Mr. Brijesh Arora is associated with the Company for more than 10 years at different senior positions.

Term of Independent Directors

The date of commencement of first term of five consecutive years of the below Independent directors are given below along with date of approval by Shareholders:

S. No.	Name of Independent Directors	Date of starting first term	Date of approval in AGM
1	Mr. Dara Phirozeshaw Mehta	1 st April 2014	14 th August 2014
2	Ms. Sonia Prashar	4 th August 2016	26 th September 2016

Directors retiring by rotation

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Ms. Meng Tang shall retire by rotation at the ensuing AGM of the Company and being eligible offer herself for re-appointment. The Board recommends her re-appointment to the members of the Company in the ensuing AGM.

Statement on declaration given by Independent Directors

The members are informed that Independent Directors have given a declaration that they meet the criteria of independence as provided in sub-section 6 of the Section 149 of the Companies Act, 2013.

The Board of the Company also confirms that the Independent Directors fulfill the criteria of being Independent Director as specified under the provisions of the Companies Act, 2013.

Familiarization program for Independent Directors

The Company follows an induction programme for orientation and training of Directors at the time of their joining so as to provide them with an opportunity to familiarize themselves with the Company, its operations, business philosophy & model, roles, rights, responsibilities of Independent Directors in the Company and Policies/Rules and Regulations of the Company.

Thereafter, the Company continues with periodic familiarization process of Independent Directors to keep them upto date with the developments in the Company. The details of such familiarization programme is also displayed on the website of the Company at the following link:

www.insilcoindia.com → Investors → Notes

22. DISCLOSURES RELATED TO REMUNERATION OF DIRECTORS AND KMPs

a. Corporate Governance - Disclosures as per provisions of Schedule V, Part II, Section II (B)(iv)(IV)

Mr. Brijesh Arora is appointed as Managing Director and disclosure in this regard pursuant to above provisions are given in the Corporate Governance Report attached to this report at Clause no. 3.2(D)(a)(ii).

b. Ratio of Remuneration of each Director to median remuneration of employees

Ratio of remuneration of Mr. Brijesh Arora to median remuneration of employees during the Financial Year 2016-17 was 14.56 : 1.

c. Percentage increase in remuneration of each Director and KMP

The annual increment of remuneration of employees is done every year w.e.f. 1st April. The annual increment w.e.f. 1st April 2016 of Director and KMPs are given below alongwith current designations i.e. designation as on the date of approval of this report.

Name	Current Designation	% increase (w.e.f. 1 st April 2016)
Mr. Brijesh Arora	Managing Director ¹²	12.00%
Ms. Shivangi Negi	CFO	13.22%
Mr. Sarvesh Kumar Upadhyay	Company Secretary	12.23%

12. The designation of Mr. Brijesh Arora was "Joint Managing Director" as on 1st April 2016 i.e. on the date of annual increment. Mr. Brijesh Arora was promoted and appointed as Managing Director w.e.f. 4th August 2016 at a remuneration of Rs. 5,517,530/- per annum.

d. Percentage increase in the median remuneration of employees

The percentage increase in the median remuneration of employees in the Financial Year 2016-17 was 9.66%.

e. No. of permanent employees on the rolls of the Company

As on 31st March 2017, your Company had 116 permanent employees on the rolls of the Company. The same does not include contractual employees and trainees.

f. Average percentage increase already made in the salaries of employee other than the managerial personnel in the Financial Year and its comparison with the percentage increase in the managerial remuneration and justification thereof and exceptional circumstances for increase in the managerial remuneration, if any

Particulars	Financial Year 2016-17	Comments
Average percentage increase in the salaries of employee other than Managerial Personnel	10.10%	-
Average percentage increase in salary of Managerial Personnel (Mr. Brijesh Arora - Managing Director)	12.00%	Mr. Brijesh Arora was appointed as Joint Managing Director with effect from 1 st March 2015. An increment of 12.00% was given w.e.f. 1 st April 2016. Thereafter, Mr. Brijesh Arora was promoted and appointed as Managing Director w.e.f. 4 th August 2016 at a remuneration of Rs. 5,517,530/-.

g. Policy compliance affirmation

The remuneration to Directors and KMP is as per the nomination and remuneration policy of the Company.

23. STATEMENT PURSUANT TO CLAUSE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

During the year, there was no employee of the Company:

- who was employed throughout the Financial Year 2016-17 and was in receipt of remuneration for that financial year of not less than Rs. 12,000,000/-; or
- who was employed for a part of the Financial Year 2016-17 and was in receipt of remuneration at a rate which was not less than Rs. 850,000/- per month; or
- who was employed throughout or part of the Financial Year 2016-17 and was in receipt of remuneration in that Financial Year, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-time Director and holds by himself or along with its spouse and dependent children, not less than two percent of the equity shares of the Company.

Top ten employees in terms of remuneration drawn during the Financial Year 2016-17

S. No.	Name (In Alphabetical Order)	Designation
1	Mr. Anurag Srivastava	Senior Manager - Human Resource & Administration
2	Mr. Ashok Kumar Pandey	General Manager - Procurement & Supply Chain
3	Mr. Brijesh Arora	Managing Director
4	Dr. Madan Gopal Sinha	Dy. General Manager - Works & Plant Head
5	Mr. Manoj Kumar	Senior Manager - Information Technology
6	Ms. Poonam Jhingan	Executive Assistance
7	Mr. Pradeep Kumar	Senior Manager – Environment, Safety, Health and Quality (ESHQ)
8	Mr. Rajeev Agarwal	Senior Manager - Controlling
9	Mr. Sandeep Kumar Gupta	Senior Manager - Engineering
10	Ms. Shivangi Negi	Chief Financial Officer

24. AUDITORS

The members are hereby informed that M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, (Firm Registration No. with ICAI – 301003E/E300005) the existing Auditor was appointed for their 2nd term of five years from the conclusion of 28th Annual General Meeting till the conclusion of 33rd Annual General Meeting (subject to ratification of their appointment by the members at every Annual General Meeting). However, M/s. S.R. Batliboi & Co. LLP have now expressed their unwillingness to be re-appointed as Auditor of the Company after the conclusion of 29th Annual General Meeting.

The members are further informed that the Company approached to M/s. Price Waterhouse & Co Chartered Accountants LLP, (Firm Registration No. with ICAI – 304026E/E300009), who have expressed their willingness to act as Auditor of the Company, if appointed, and have provided the requisite documents as required under the Act.

Pursuant to the provisions of the Companies Act, 2013, the appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP, (Firm Registration No. with ICAI – 304026E/E300009) is proposed for their first term of five consecutive years from the conclusion of 29th Annual General Meeting until the conclusion of 34th Annual General Meeting of the Company.

The Audit Committee and the Board in their respective meetings held on 16th May 2017 and 18th July 2017 respectively, have approved the appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP, (Firm Registration No. with ICAI – 304026E/E300009) as Statutory Auditor of the Company, subject to approval from members of the Company, for their 1st term of 5 consecutive years i.e. from the conclusion of 29th Annual General Meeting until the conclusion of 34th Annual General Meeting of the Company.

The Board recommends the resolution for approval by the Members. None of the Directors, Key Managerial Personnel & their relatives is concerned or interested, financially or otherwise, in this resolution.

25. COST AUDITOR/MAINTENANCE OF COST RECORDS**Maintenance of Cost Records for the Financial Year 2016-17**

Pursuant to the provisions of the Companies (Cost Records and Audit) Rules, 2014 dated 30th June 2014 as amended vide notification dated 31st December 2014, in the Financial Year 2016-17, the Company is required to maintain cost records of the Company. The Board has appointed M/s. Ajay Ahuja & Associates (Registration No. 101142) for maintenance of Cost Records of the products of the Company for the Financial Year ended 31st March 2017. The Cost records of the Company will be presented before the Audit Committee/Board in due course of time.

The contact details of M/s. Ajay Ahuja & Associates (Registration No. 101142) is given below:

- Address : 7/156, Ramesh Nagar, New Delhi-110015
- E-mail : amaajayahuja@gmail.com, ajayahujaassociates@gmail.com
- Mobile : +91 9810326644

Maintenance of Cost Records for the Financial Year 2015-16

The Company was required to maintain cost records for the Financial Year 2015-16. The Board has appointed M/s. Ajay Ahuja & Associates (Registration No. 101142) for maintenance of Cost Records of the products of the Company for the Financial Year ended 31st March 2016. The report/certificate of Mr. Ajay Ahuja was placed before the Board in its meeting dated 4th August 2016.

26. PRACTISING COMPANY SECRETARY

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

27. AUDIT COMMITTEE

Pursuant to the provisions of Section 177 of the Companies Act, 2013 and the Listing Regulations, the Board has constituted an Audit Committee. The composition of the Audit Committee was as follows:

As on 31 st March 2017		
S. No.	Name of the Director	Designation in Audit Committee
1	Mr. Dara Phirozeshaw Mehta	Chairman
2	Ms. Sonia Prashar	Member
3	Mr. Harishkumar Kanaiyalal Davey	Member

The Board of Directors of the Company accepted all the recommendations made by the Audit Committee.

28. DISCLOSURE REGARDING SUBSIDIARIES, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company does not have any subsidiary, joint venture or associate company. During the year also there were no companies, which have become or ceased to be your Company's subsidiary, joint venture or associate company.

29. DEPOSITS

The Company has not accepted any deposits during the year pursuant to the provisions of Chapter V of the Companies Act, 2013.

30. MATERIAL ORDERS BY GOVERNING AUTHORITIES

There were no significant or material orders passed by any governing authority of the Company including regulators, courts or tribunals, which could affect the going concern status and the Company's operations in future.

31. ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH RESPECT TO THE FINANCIAL STATEMENT

The Company has laid down proper and adequate internal financial control with respect to internal financial statement.

32. OPERATIONS AT PLANT

The Plant operations had to be shut down a few times during the year due to lower sales orders.

33. GUIDING PRINCIPLES OF COLLABORATION : RESOURCE EFFICIENCY BUSINESS UNIT OF EVONIK

Insilco Limited is a part of Resource efficiency business unit of Evonik. All operations of Insilco Limited are carried out in accordance with the guiding principles of collaboration of Resource Efficiency, which are as follows:

- We pursue excellence by continuous development of people, organization and processes.
- We foster a culture of open, frank and constructive communication.
- We put the customer at the heart of our activities.
- We base our interactions on mutual trust, respect and acceptance.
- We foster creativity and focus on innovation as the basis for our success.
- We utilize all means of diversity for more thoughtful and complete elaboration of solutions.
- We value initiative and acknowledge and learn from failure.
- We act as exemplary role model and drive our activities through ethical and sustainable decisions.
- We work safely to protect ourselves, our colleagues and the environment.

34. VALUE CREATION FOR CUSTOMERS

In our diverse and globalized world, it is becoming more and more important to gain a better understanding of the requirements of our customers and end-customers. Changing our perspective to view the world through the eyes of our customers allows us to see things differently and thus develop exceptional solutions. Our willingness to remain open to new things and to think in a flexible manner is the key to our culture of learning and innovation. This culture helps us identify good ideas at an early stage of their development and then quickly bring them to market in order to create added value to our customers and Evonik. As a Company, we are committed to provide our internal and external customers products and services that always unequivocally meet the agreed quality standards. This is our declared goal and the measure of our actions.

We offer a complete package solution of product plus service. This is one of the reasons that many of our customers prefer to buy from us.

35. SOCIAL RESPONSIBILITY

Good governance demands adherence to social responsibility coupled with creation of value in the larger interest of the general public. We are committed to continuously improving our performance in the areas of environmental protection, health and safety as well as to the principles of sustainable development and responsible care. We continue to contribute to society by appropriate means. We aim to enhance the quality of life of the community in general and have a strong sense of social responsibility.

36. WE BELIEVE IN QUALITY AS A SUCCESS FACTOR

Within the scope of Total Quality Management (TQM), we are continuously striving to improve the quality of our products, services and processes.

Learning from the global best practices of our parent Evonik Industries, we offer the same to our customers. This is the most important factor that our customers value and continue to support us.

37. PROCUREMENT EFFICIENCY AND SUPPLY CHAIN

Procurement is an essential element in the value-chain. We regard intensive cross-functional collaboration within the Company as indispensable. We have integrated procurement with the overall supply-chain function at the plant to make it more efficient and part of a cross-functional team at the plant.

38. CUSTOMER ORIENTATION STARTS WITH TALENT DEVELOPMENT AND FAIRNESS

The key to any success is a motivated and committed workforce. With support from Evonik and Management of Insilco, we have been conducting in-house skill development and training programmes. We also encourage our workforce to build a more customer – oriented approach.

39. CERTIFICATIONS AND RECOGNITIONS

Our plant at Gajraula is certified under the Environment Management Standard ISO 14001-2004 and Quality Management Standard ISO 9001-2008. During the year, recertification audit of the Environment Management Standard ISO 14001-2004 and Quality Management Standard ISO 9001-2008 was successfully completed. We have obtained HALAL & KOSHER certificates during the year for Food Safety Management System. Apart from these, we are also HACCP and FSSAI certified Company for the Food Safety Management System.

40. REPORT ON CORPORATE GOVERNANCE

Pursuant to the provisions of the Listing Regulations, the following are furnished forming part of this Directors' Report:

- i. Report on Corporate Governance together with a Certificate from Practising Company Secretary on compliance of conditions of Corporate Governance as per provisions of Listing Regulations are attached as **Annexure - 5 and 5.3** respectively.
- ii. Certificate by Managing Director regarding compliance of Code of Conduct by the members of Board and Senior Management as per provisions of Listing Regulations is attached as **Annexure - 5.1**.
- iii. Certificate from Managing Director and Chief Financial Officer regarding correctness of the financial statements presented to the Board is attached as **Annexure - 5.2**.

41. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to provisions of the Listing Regulations, a Management Discussions and Analysis Report is enclosed as **Annexure - 6** forming part of Annual Report.

42. MATERIAL CHANGES AND COMMITMENTS EFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE YEAR AND THE DATE OF THIS REPORT: None**43. REPORTING OF FRAUD BY AUDITORS PURSUANT TO SECTION 143(12) OF THE COMPANIES ACT, 2013**

There were no fraud reported by the Auditors to the Audit Committee or to the Board.

44. INDUSTRIAL RELATIONS

Your Company continued to enjoy cordial relations with all its employees. No man day was lost due to any Industrial Dispute.

45. FORWARD-LOOKING STATEMENT

This Report including its annexures contains forward-looking statements that involve risks and uncertainties. The actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. Significant factors that could make a difference to the Company's operations include domestic and international economic conditions affecting demand-supply and price conditions, changes in government regulations, environmental regulations, tax regimes and other statutes.

46. ACKNOWLEDGEMENT

Your Board of Directors wish to thank and place on record their appreciation for the co-operation and support extended to the Company by the Government of India, State Government of Uttar Pradesh, other local authorities, Bankers, Suppliers, Customers, Distributors, Employees and other Stakeholders which have been a constant source of strength to the Company. The Board of Directors also expresses its sincere gratitude to all the shareholders for their continuous support and trust they have shown in the management. The dedication and sense of commitment shown by the employees at all levels during the year deserve special mention.

Your Company is thankful to the parent Company Evonik Degussa GmbH, Germany for continuously providing excellent management, technical and marketing support.

**For & on behalf of the Board of
Insilco Limited**

Sd/-
Dara Phirozeshaw Mehta
Chairman of the Board
DIN : 00041164

Sd/-
Brijesh Arora
Managing Director
DIN : 00952523

Place : Mumbai
Date : 18th July 2017

Annexure-1

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

S. No	Name and Folio No. of Shareholders	Shareholding at the beginning of the year		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	ISHVAM PORTFOLIO PVT LTD (Folio No. 1202060000799320)	310,040	0.49	31-03-2016				
				15-04-2016	355	Purchase	310,395	0.49
				27-05-2016	500	Purchase	310,895	0.5
				10-06-2016	13,850	Purchase	324,745	0.52
				15-07-2016	-5,000	Sale	319,745	0.51
				21-10-2016	-1,000	Sale	318,745	0.51
				31-12-2016	15,000	Purchase	333,745	0.53
				06-01-2017	5,000	Purchase	338,745	0.54
				17-03-2017	116,020	Purchase	454,765	0.73
2	JINDAL SECURITIES PVT LTD (Folio No. 1202060000398323)	454,765	0.73	31-03-2017				
		258,778	0.41	31-03-2016				
				31-12-2016	30,000	Purchase	288,778	0.46
				06-01-2017	5,000	Purchase	293,778	0.47
				17-03-2017	100,000	Purchase	393,778	0.63
3	DHARAM CHAND BAHETI (Folio No. IN30036020092131)	393,778	0.63	31-03-2017				
		302,995	0.48	31-03-2016				
				28-10-2016	50,000	Purchase	352,995	0.56
4	UNIQUE SECURITIES PVT LTD (Folio No. 1201090005832147)	352,995	0.56	31-03-2017				
		153,388	0.24	31-03-2016				
				07-10-2016	30,000	Purchase	183,388	0.29
5	SONEX INVESTMENTS LTD (Folio No. IN30015910076769)	183,388	0.29	31-03-2017				
		165,080	0.26	31-03-2016				
6	ANIL JINDAL (Folio No. 1202060000825761)	165,080	0.26	31-03-2017				
		50,200	0.08	31-03-2016				
				17-06-2016	2,000	Purchase	52,200	0.08
				31-12-2016	-20,000	Sale	32,200	0.05
				06-01-2017	-15,000	Sale	17,200	0.03
7	RURAL ENGINEERING CO. PVT LTD (Folio No. 1203000000107991)			17-03-2017	100,000	Purchase	117,200	0.19
		117,200	0.19	31-03-2017				
8	Doon Realtors (Pvt) Ltd (Folio No. IN30009510710353)	115,000	0.18	31-03-2016				
		115,000	0.18	31-03-2017				
9	RAJESH KUMAR SOMANI (Folio No. IN30210510000089)	111,770	0.18	31-03-2016				
		111,770	0.18	31-03-2017				
10	VIJIT GUPTA (Folio No. 1201910101930050)	100,000	0.16	31-03-2016				
		100,000	0.16	31-03-2017				
10	VIJIT GUPTA (Folio No. 1201910101930050)	89,679	0.14	31-03-2016				
		89,679	0.14	31-03-2017				

S. No	Name and Folio No. of Shareholders	Shareholding at the beginning of the year		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
11	VIJAY GUPTA (HUF) (Folio No. 1201910100017462)	88,802	0.14	31-03-2016				
		88,802	0.14	31-03-2017				
12	ANIL JINDAL HUF (Folio No. 1202060000825820)	114,059	0.18	31-03-2016				
				31-12-2016	-24,950	Sale	89,109	0.14
				06-01-2017	-2,000	Sale	87,109	0.14
		87,109	0.14	31-03-2017				
13	AMAN FINVEST PVT LTD (Folio No. 1202060000799335)	268,394	0.43	31-03-2016				
				20-05-2016	20,932	Purchase	289,326	0.46
				03-06-2016	5,000	Purchase	294,326	0.47
				10-06-2016	5,000	Purchase	299,326	0.48
				21-10-2016	-500	Sale	298,826	0.48
				04-11-2016	-1,000	Sale	297,826	0.47
				06-01-2017	5,000	Purchase	302,826	0.48
				13-01-2017	-302,826	Sale	0	0
		0	0	31-03-2017				
14	RAJASTHAN GLOBAL SECURITIES PVT LTD (Folio No. IN30072410153429)	197,163	0.31	31-03-2016				
				27-05-2016	-19,350	Sale	177,813	0.28
				03-06-2016	-15,088	Sale	162,725	0.26
				10-06-2016	-28,273	Sale	134,452	0.21
				17-06-2016	-16,204	Sale	118,248	0.19
				24-06-2016	-3,000	Sale	115,248	0.18
				30-06-2016	-33,235	Sale	82,013	0.13
				08-07-2016	-2,550	Sale	79,463	0.13
				15-07-2016	-28,295	Sale	51,168	0.08
				22-07-2016	-4,234	Sale	46,934	0.07
				29-07-2016	-10	Sale	46,924	0.07
				05-08-2016	-4,901	Sale	42,023	0.07
				12-08-2016	-3,781	Sale	38,242	0.06
				02-09-2016	-4,022	Sale	34,220	0.05
				09-09-2016	-3,637	Sale	30,583	0.05
				16-09-2016	-11,200	Sale	19,383	0.03
				23-09-2016	-3,000	Sale	16,383	0.03
				04-11-2016	-16,383	Sale	0	0
		0	0	31-03-2017				

Annexure-2**NOMINATION AND REMUNERATION POLICY****Introduction:**

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

Objectives of the Committee:

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- ii. Formulation of criteria for evaluation of performance of Independent Director and the Board.
- iii. Devising a policy on Board diversity.
- iv. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- v. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- vi. Identify whether to extend or continue the term of appointment of the Independent Director on the basis of the report of their performance evaluation.

Effective Date: The following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 14th August, 2014. This policy has been modified in the meeting of the Board of Directors held on 4 February 2016. The modified policy shall be operational with immediate effect.

Definitions:

- "Board":- Board means Board of Directors of the Company.
- "Director":- Directors means Directors of the Company.
- "Committee":- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- "Company":- Company means Insilco Limited.
- "Independent Director":- As provided under clause 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Obligations") and/or under the Companies Act, 2013, 'Independent director' shall mean a non-executive director, other than a nominee director of the company:
 - a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
 - c. apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
 - d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
 - e. who, neither himself nor any of his relatives -
 - i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of -
 - iii. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - iv. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

- v. holds together with his relatives two per cent or more of the total voting power of the company; or
- vi. is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
- vii. is a material supplier, service provider or customer or a lessor or lessee of the company;
- f. who is not less than 21 years of age.
 - **"Key Managerial Personnel"**:- Key Managerial Personnel (KMP) means-
 - (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed under the applicable statutory provisions / regulations
 - **"Senior Management"**:- The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

Applicability:-

The Policy is applicable to

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

Constitution of the Nomination and Remuneration Committee:

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises of following Directors:

- i. Ms. Sonia Prashar, Chairman (Independent Director)
- ii. Mr. Dara Phirozeshaw Mehta, Member (Independent Director)
- iii. Mr. Christian Schlossnikl, Member
- iv. Mr. Harishkumar Kanaiyalal Davey, Member

General Appointment Criteria:

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Obligations or any other enactment for the time being in force.
- iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Obligations or any other enactment for the time being in force.

Additional Criteria for Appointment of Independent Directors:

The Committee shall consider qualifications for Independent Directors as mentioned in herein earlier under the head 'Definitions' and also their appointment shall be governed as per the provisions of Listing Obligations (as amended from time to time) and Companies Act, 2013.

Term / Tenure:

The Term / Tenure of the Directors shall be governed as per provisions of the of the Companies Act, 2013 and rules made thereunder as amended from time to time.

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Criteria for Evaluation of Independent Director and the Board:

Following are the Criteria for evaluation of performance of Independent Directors and the Board:

1. Executive Directors:

The Executive Directors shall be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time.

2. Non Executive Director:

The Non Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- (a) act objectively and constructively while exercising their duties;
- (b) exercise their responsibilities in a bona fide manner in the interest of the company;
- (c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) refrain from any action that would lead to loss of his independence;
- (f) inform the Board immediately when they lose their independence;
- (g) assist the company in implementing the best corporate governance practices;
- (h) strive to attend all meetings of the Board of Directors and the Committees;
- (i) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) strive to attend the general meetings of the company;
- (k) keep themselves well informed about the company and the external environment in which it operates;
- (l) do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (m) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest;
- (n) abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines etc.

Policy on Board diversity:

The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development , Human Resources etc or as may be considered appropriate.

The Board shall have at atleast one Board member who has accounting or related financial management expertise and atleast three members who are financially literate.

Remuneration:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

1. Director/ Managing Director

Besides the above Criteria, the Remuneration/ compensation/ commission etc to be paid to Director/ Managing Director etc shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

2. Non executive Independent Directors

The Non- Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

3. KMPs / Senior Management Personnel

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

4. Other Employees

The remuneration to be paid to other employees shall be decided and approved by Head of Human Resource department and Managing Director of the Company jointly.

5. Directors and Officers' Insurance

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

Conformity with the Act/Listing Obligations

This policy is in conformity with the provisions of the Companies Act, 2013 and Listing Obligations. However, if due to subsequent changes in the Act, a particular clause or any part of this policy becomes inconsistent with the Act/Listing Obligations, the provisions of the Act / Listing Obligations shall prevail.

Annexure-3

Form No. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Insilco Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Insilco Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Insilco Limited** ("**The Company**") for the period ended 31st March, 2017, in accordance to the provisions of:

- I. The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company :-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - f. The Memorandum and Articles of Association.
- VI Following Acts:
 - The Factories Act 1948 and rules thereunder;
 - Indian Explosive Act, 1884;
 - Motor Vehicle Act, 1988;
 - Atomic Energy Act, 1962, and rules thereunder;
 - Indian Boiler Act, 1923 and Boiler Rules & Regulations thereunder;
 - Indian Petroleum Act, 1934 and rules thereunder;
 - Electrical Supply Act, 2003;
 - Air (Prevention & Control of Pollution) Act, 1981 and rules thereunder;
 - Water (Prevention & Control of Pollution) Act, 1974 and rules thereunder;
 - The Environment (Protection) Act, 1986 and Rules thereunder;
 - Shop and Establishment Act
 - Food Safety and Standards (Licensing and Registration of Food Business Regulations) 2011

We report that Annual Production return under Food Safety and Standards (Licensing and Registration of Food Business Regulations) 2011 was filed with delay after adopting due procedure prescribed in that regard.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above *except Regulation 31(2) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, which mandates that listed entities should ensure that 100% of shareholding of promoter (s) and promoter group is in dematerialized form and the same is maintained on a continuous basis in the manner specified by SEBI.* Further to comply with the above regulation, as on 31st March, 2017 out of 4,58,53,315 Physical Equity

Shares held by promoters, 1,13,57,645 Equity Shares have already been dematerialized and the remaining physical Equity Share are in process of conversion into demat.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period following specific events/ actions were taken by the Company which have major bearing on the Company's affairs in pursuance of the act, rules, regulations, guidelines, standards etc. referred above:

1. The Company had elevated Mr. Brijesh Arora (DIN: 00952523) to the designation of Managing Director of the Company from Joint Managing Director of the Company w.e.f 04th August, 2016. The Company has complied with provisions of the Act & Rules relating to appointment of Mr. Brijesh Arora.
2. There has been no instance of:
 - Public/Rights/Preferential issue of shares/debentures/sweat equity.
 - Redemption/buy back of securities.
 - Major Decision taken by the members in pursuance to section 180 of the Companies Act, 2013
 - Merger/amalgamation/reconstruction etc.
 - Foreign technical collaborations.

**For Nityanand Singh & Co.,
Company Secretaries**

Sd/-

Nityanand Singh (Prop.)

FCS No. : 2668/ CP No. : 2388

Place : New Delhi

Date : 15th May 2017

Annexure -A

To,
The Members,
INSILCO LIMITED
A 5 UPSIDC INDUSTRIAL AREA
PO BHARTIAGRAM GAJRAULA
DISTT J P NAGAR UTTAR PRADESH - 244223

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Nityanand Singh & Co.,
Company Secretaries**

Sd/-

Nityanand Singh (Prop.)

FCS No. : 2668/ CP No. : 2388

Place : New Delhi

Date : 15th May 2017

ANNEXURE-4**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

There was no contract or arrangement or transaction which was not at arm's length.

2. Details of material contracts or arrangement or transactions at arm's length basis

S. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board/Audit Committee Meeting (ACM), if any	Amount paid as advances, if any
1	Evonik Resource Efficiency GmbH A subsidiary to holding Company to which Insilco Ltd. is also a Subsidiary (Fellow Subsidiary)	Sales	Ongoing	35,668,800	Audit Committee Meeting – 4 th February 2016	Nil

Note :

- Material contracts or arrangement or transaction are taken as per definition given in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- All the related party transactions are also disclosed in the note no. 30 of the notes to financial statements for the year ended 31st March 2017.
- The above transaction from Evonik Resource Efficiency GmbH was also approved by the shareholders of the Company in their meeting held on 26th September 2016.

**For & on behalf of the Board of
Insilco Limited**

**Sd/-
Dara Phirozeshaw Mehta
Chairman of the Board
DIN : 00041164**

**Sd/-
Brijesh Arora
Managing Director
DIN : 00952523**

Place : Mumbai
Date : 18th July 2017

Annexure-5

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2016-2017**1. CORPORATE GOVERNANCE AND COMPANY'S PHOLOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structure, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial performance, future plans and material development affecting the Company, is an integral part of Corporate Governance. The Adoption of good Corporate Governance practices helps to develop a good image of the organization, keeps stakeholders satisfied and attracts best talent. The Company has professional Directors on its Board.

Your Company, as part of the Evonik Group, believes that sound Corporate Governance is critical to enhance and retain investors' trust and recognizes the importance of transparency and integrity in dealings at all levels. Accordingly, your Company is always keen to ensure that the business is carried on with integrity, honesty and fairness. The Company's philosophy is based on accountability, ethical conduct, compliance with statutes in true spirit, interest of all stakeholders, transparency and timely disclosure. The Company is in full compliance with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

2. BOARD OF DIRECTORS**2.1 Composition of Board**

The Board of Insilco Limited consists of an optimum combination of Executive and Non-Executive Directors to ensure independent functioning of the Board. As on 31st March 2017, the Board has 6 Members comprising 1 Executive and 5 Non-Executive Directors. Out of 5 Non-Executive Directors, 2 are Independent Directors. The Chairman of the Board is an Independent Director. The Composition of the Board is in conformity with Regulation 17 of the Listing Regulations relating to the composition in terms of Non-Executive/Independent Directors. Changes during the Financial Year 2016-17 in the Board of the Company is explained in detail under the head "Directors & Key Managerial Personnel" in the Directors' Report of this Annual Report.

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees as specified in Regulation 26 of Listing Regulations. The Directors have made necessary disclosures regarding committee positions in other Companies as at 31st March 2017.

2.2 The names and categories of the Directors on the Board and the number of directorships and committee memberships/chairmanship held by them in other Companies as on 31st March 2017 are given below:

Name of the Director	DIN	Category	Designation	No. of Directorships ¹ , Committee Chairmanships/ Memberships ² in other Companies		
				Other Directorships	Committee Chairmanship	Committee Memberships
Mr. Dara Phirozeshaw Mehta	00041164	Non-Executive, Independent	Chairman	6	2	2
Mr. Brijesh Arora	00952523	Executive	Managing Director	Nil	Nil	Nil
Mr. Christian Schlossnikl	07557639	Non-Executive, Non-Independent	Director	Nil	Nil	Nil
Mr. Harishkumar Kanaialal Davey	01631368	Non-Executive, Non-Independent	Director	2	Nil	Nil
Ms. Meng Tang	07012101	Non-Executive, Non-Independent	Director	Nil	Nil	Nil
Ms. Sonia Prashar	06477222	Non-Executive, Independent	Director	2	Nil	Nil

1. This includes Public and Private Companies.

2. In accordance with Regulation 26 of Listing Regulations, Chairmanships/Memberships of only Audit Committee and Stakeholders' Relationship Committees of all Public Limited Companies have been considered.

2.3 BOARD MEETINGS AND PROCEDURE

A. BOARD PROCEDURE

The tentative date of next meetings is determined in advance in the preceding Board Meeting. The Board Meetings are governed by a structured agenda and agenda papers are supported by comprehensive background information to enable directors to take informed decisions. The Managing Director and Company Secretary in consultation with other directors and members of Senior Management, finalize the agenda papers for the Board Meetings.

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

The required information as enumerated in Part-A of Schedule II of Listing Regulations is made available to the Board of Directors for discussions and consideration at Board Meetings. In addition to the above information, the Board is also kept informed of major events/items wherever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

Minutes of proceedings of Board Meetings are properly recorded. The draft Minutes are circulated amongst the members of Board for their comments. The final minutes of proceedings of meetings are entered in Minutes Book and signed by the Chairman of the Board within the prescribed timelines. The Company fully complies with the provisions of the Companies Act, 2013 and Secretarial Standard on Meetings of the Board of Directors in this regard.

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

B. DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2016-17

Five(5) Board Meetings were held during the Financial Year ended 31st March 2017. The Board meets at least four times a year, with maximum time gap of one hundred and twenty days between any two meetings as prescribed under Regulation 17 of the Listing Regulations.

The details of the Board Meetings held during the Financial Year 2016-2017 are as under:

S.No.	Date	Board Strength	No. of Directors Present
1	5 th May 2016	6	6
2	4 th August 2016	5	3
3	26 th September 2016	6	5
4	11 th November 2016	6	4
5	7 th February 2017	6	5

C. ATTENDANCE OF DIRECTORS AT BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2016-2017 AND AT THE 28TH ANNUAL GENERAL MEETING (AGM)

Name of the Director	Attendance		Whether Attended last AGM held on 26 th Sept 2016
	No. of Meetings held during the tenure	Meetings Attended	
Mr. Dara Phirozeshaw Mehta	5	4	Yes
Mr. Frank Heinz Lelek	2	2	N.A.
Mr. Brijesh Arora	5	5	Yes
Dr. Mustafa Siray	1	1	N.A.
Mr. Guido Johannes Christ	2	2	No
Ms. Meng Tang	5	2	No
Mr. Christian Schlossnikl	4	3	Yes
Mr. Harishkumar K. Davey	4	2	Yes
Ms. Sonia Prashar	4	4	Yes

D. CODE OF CONDUCT

The Code of Conduct of Insilco Limited is applicable to Directors, Senior Management Team and employees of the Company. The Code of Conduct is available on Company's website www.insilcoindia.com.

All the members of the Board and Senior Management Personnel have affirmed compliance to the code as on 31st March 2017. A Declaration of Managing Director regarding compliance with Code of Conduct by Directors and Senior Management Personnel is attached as **Annexure -5.1**.

E. PREVENTION OF INSIDER TRADING CODE

In accordance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted 'Code of Conduct to Regulate, Monitor and Report Trading by Insiders' and 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information'. All the connected persons as per 'Code of Conduct to Regulate, Monitor and Report Trading by Insiders' who could have access to the Unpublished Price Sensitive Information of the Company are governed by this code. The Company has appointed Mr. Sarvesh Kumar Upadhyay, Company Secretary of the Company as Compliance Officer under the said regulations.

F. INTER-SE RELATIONSHIP BETWEEN DIRECTORS

The Directors are not related to each other and they are engaged in their professional capacity as Directors of the Company after compliance of prevalent regulations under Companies Act, 2013 and Listing Regulations.

G. HOLDING OF DIRECTORS

The Directors including Non-Executive Directors of the Company do not hold any shares or convertible instruments in the Company during the Financial Year ended 31st March 2017.

H. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company conducts familiarization program for Independent Directors at regular intervals. The details of the same are given at the following web link of the Company :<http://www.insilcoindia.com/notes.html>.

3. COMMITTEES OF THE BOARD

During the Financial Year 2016-17, there were six Committees constituted by the Board namely:

1. The Audit Committee
2. The Nomination and Remuneration Committee
3. The Stakeholders' Relationship Committee
4. Complaints Committee (under Sexual Harassment Policy)
5. Share Transfer Committee
6. Committee for determining materiality of an event or information

The terms of reference of the Committees are reviewed by the Board as and when required. Meetings of each Board Committee are convened by respective Committee Chairman. Matters requiring Board's attention/approval are placed before the Board after approval/recommendation from Committee, wherever required. The minutes of the meetings of all aforesaid Committees constituted by the Board are placed before the Board for discussions/noting. The role and composition of these Committees alongwith terms of reference of these Committees and details of the Committee meetings held during the Financial Year 2016-2017 and related attendance are provided below:

3.1 AUDIT COMMITTEE

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors and the internal auditors and to meet out the requirements of Listing Regulations.

A. Terms of reference

The terms of reference of the Audit Committee covers all matters specified under Part C of Schedule II of the Listing Regulations and Section 177 of the Companies Act, 2013 which *inter-alia* includes the following:

The Audit Committee has the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee and from the records of the Company.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors and the fixation of Audit Fees.
3. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
4. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors.
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Modified opinion(s) in draft audit report.
6. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
7. Examination of the financial statement and the auditors' report thereon.
8. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
9. Reviewing with the management, the performance of Statutory and Internal Auditors, adequacy of internal control systems & to ensure compliance of internal control systems.
10. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
11. Discussion with Internal Auditors, any significant findings and follow up thereon and scope of Internal Audit.
12. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
13. Discussion with Statutory Auditor before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain areas of concern including observations of auditors.
14. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.
15. To review the functioning of the Whistle Blower Mechanism, if any.
16. Approval of Appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.
17. Carrying out such other function(s) as may be specifically referred to the Committee by the Board of Directors and/or other Committee(s) of Directors of the Company.
18. To review the following information:
 - The management's discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - All material individual transactions with related parties or others, which are not on an arm's length basis, together with management's justification for the same;
 - Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - Internal audit reports relating to internal control weaknesses.
19. Approval or any subsequent modification of transactions of the Company with related parties.
20. Scrutiny of inter-corporate loans and investments

21. Valuation of undertakings or assets of the Company, wherever it is necessary.
22. The appointment, removal and terms of remuneration of the Chief Internal Auditor if any shall be subject to review by the Audit Committee.
23. To review and monitor management responsiveness to findings and recommendations of Internal Auditors.
24. Review the Company's Compliance with employee's benefits plans.
25. Oversee and review the Company policies regarding information technology and management information systems.

B. Composition

As on 31st March 2017, the Audit Committee has 3 Members comprising of 2 Non-Executive, Independent Directors and 1 Non-Executive, Non-Independent Director. The Chairman of the Audit Committee is an Independent Director. The Composition of Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

All the members of the Committee are financially literate and at least one member possesses accounting or related financial management expertise. The quorum of the Committee is two members or one-third of its members, whichever is higher with at least two Independent Directors.

The composition of the Audit Committee as on 31st March 2017 is given below:

Name of Members	Category	Designation
Mr. Dara Phirozeshaw Mehta	Non-Executive, Independent	Chairman
Ms. Sonia Prashar	Non-Executive, Independent	Member
Mr. Harishkumar K Davey	Non-Executive, Non-Independent	Member

The Committee is headed by Mr. Dara P. Mehta, an Independent Director of the Company. The Chairman of the Audit Committee, Mr. Dara P. Mehta was present at the 28th Annual General Meeting of the Company held on 26th September 2016 to answer the queries of shareholders. The Managing Director and Chief Financial Officer are permanent invitees to the Audit Committee Meetings. The representatives of the Statutory Auditor are invited to attend the Audit Committee Meeting. The representatives of Internal Auditor are invited to attend the Audit Committee Meeting as and when required. The Company Secretary of the Company acts as Secretary to the Committee.

C. Meetings and Attendance

The tentative date of next meeting is determined in advance in the preceding Board Meeting.

Details of Audit Committee Meetings held during the Financial Year 2016-2017

Four Audit Committee Meetings were held during the Financial Year ended 31st March 2017. The dates on which meetings were held are as follows:

S.No.	Date	Committee Strength	No. of Members Present
1	5 th May 2016	3	3
2	4 th August 2016	4	3
3	11 th November 2016	3	2
4	7 th February 2017	3	2

The intervening period between two Audit Committee meetings was well within one hundred and twenty days as prescribed under Regulation 18 of the Listing Regulations.

Attendance of members of Audit Committee Meetings held during the Financial Year 2016-17:

Name of Members	Attendance	
	No. of Meetings held during the tenure	Meetings Attended
Mr. Dara P. Mehta, Chairman	4	3
Mr. Guido Johannes Christ ³	2	2
Mr. Frank Heinz Lelek ⁴	2	2
Ms. Sonia Prashar ⁵	3	3
Mr. Harishkumar K Davey ⁶	2	-

3 Mr. Guido Johannes Christ resigned from Board and all Committee positions with effect from closing of working hours of 4th August 2016.

4 Mr. Frank Heinz Lelek resigned from Board and all Committee positions with effect from closing of working hours of 4th August 2016.

5 Ms. Sonia Prashar was appointed as Member of the Committee with effect from 4th August 2016.

6 Mr. Harishkumar Kanaialal Davey was appointed as Member of the Committee with effect from 4th August 2016 (i.e. after conclusion of Audit Committee Meeting held on 4th August 2016).

3.2 NOMINATION AND REMUNERATION COMMITTEE

A. Terms of Reference

1. It shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. It shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
3. It shall, while formulating the remuneration policy ensure that –
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The above terms of reference are in line with the provisions of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

B. Composition

As on 31st March 2017, the Nomination and Remuneration Committee comprised of 4 Non-Executive Directors, out of which 2 are Independent Directors. Ms. Sonia Prashar, Independent Director of the Company is the Chairman of the Nomination and Remuneration Committee. The Composition of Nomination and Remuneration Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

During the Financial Year 2016-17, Dr. Mustafa Siray and Mr. Guido Johannes Christ resigned from this Committee w.e.f. 30th June 2017 and 4th August 2017 respectively. Ms. Meng Tang also resigned from the Company w.e.f. 7th February 2017.

Ms. Sonia Prashar, Mr. Christian Schlossnikl and Mr. Harishkumar Kanaiyalal Davey was inducted in the Committee w.e.f. 4th August 2016.

The composition of the Nomination and Remuneration Committee as on 31st March 2017 is given below:

Name of Members	Category	Designation
Ms. Sonia Prashar	Non-Executive, Independent	Chairperson
Mr. Dara P. Mehta	Non-Executive, Independent	Member
Mr. Christian Schlossnikl	Non-Executive, Non-Independent	Member
Mr. Harishkumar K. Davey	Non-Executive, Non-Independent	Member

The Company Secretary of the Company acts as Secretary to the Committee.

C. Meetings and Attendance

Two Nomination and Remuneration Committee Meetings were held during the Financial Year ended 31st March 2017. The date of the meeting, Committee strength and no. of members present in the meeting were as follows:

S.No.	Date	Committee Strength	No. of Members Present
1	5 th May 2016	4	4
2	4 th August 2016	4	2

Attendance at Nomination and Remuneration Committee Meeting held on 5th May 2016 and 4th August 2016:

Name of Members	Attendance	
	No. of Meetings held during the tenure	Meetings Attended
Mr. Guido Johannes Christ	2	2
Mr. Dara P. Mehta	2	1
Dr. Mustafa Siray	1	1
Mr. Christian Schlossnikl	1	1
Ms. Meng Tang	2	1

D. Nomination and Remuneration Policy

A Nomination and Remuneration Policy of the Company has been approved by Nomination and Remuneration Committee and Board of Directors of the Company. The said policy lays down the criteria for Directors'/Key Managerial Personnel's appointment and remuneration including criteria for determining qualification, positive attributes, independence of Directors, criteria for performance evaluation of Executive and Non-Executive Directors (including Independent Directors) and other matters as prescribed under the provisions of the Companies Act, 2013 and the Listing Regulations. Remuneration to Executive Directors are being recommended and paid as per policy. The said policy of the Company is attached as **Annexure-2** to the Boards' Report.

The remuneration is fixed keeping in view of the overall limit laid down under the Companies Act, 2013, qualification and experience of the appointee and overall financial performance of the Company. The remuneration of executive Directors of the Company is being paid as approved by the Board of Directors and Shareholders of the Company.

a. Executive Directors
(i) Remuneration and other details of Mr. Frank Heinz Lelek (Managing Director) for the Financial Year 2016-17

Mr. Frank Heinz Lelek resigned as Managing Director of the Company w.e.f. 19th June 2016. He continued as non-executive Director of the Company and resigned from the Board w.e.f. closing of working hours of 4th August 2016.

Mr. Frank Heinz Lelek had decided not to take any remuneration from the Company.

The term of Mr. Frank Heinz Lelek as Managing Director was for 3 years effective from 1st March 2015 to 28th February 2018. The Contract of appointment of Mr. Frank Heinz Lelek could be terminated by either party by giving to the other party, without assigning any reasons whatsoever, three months' notice in writing of its intention to do so. The Board has the power to waive off the aforesaid notice period.

(ii) Remuneration and other details of Mr. Brijesh Arora (Managing Director)

Mr. Brijesh Arora was appointed as Managing Director of the Company w.e.f. 4th August 2016. Before becoming Managing Director, he was positioned as Whole-time Director designated as 'Joint Managing Director'. The remuneration drawn by Mr. Brijesh Arora during the financial year 2016-17 is as under:

(Amount in Rs.)

Salaries	Benefits	Performance linked Incentive/Bonus*	Retirement Benefits**	Perquisites***	Total
2,767,613	2,351,548	662,104	648,397	76,083	6,505,745
2,767,613	2,351,548	662,104	648,397	76,083	6,505,745

Note:

* At the beginning of the financial year 2016-17, the opening balance of the performance linked incentive/bonus was Rs. 546,871/-. After the approval of Board, Rs. 420,000/- was paid to Mr. Arora in April 2016 as performance linked incentive/bonus till 31st December 2015. Accordingly, provisions of Rs. 126,871/- was pending after above said payment. During the financial year 2016-17, the Company made a provision for Rs. 700,759/- as performance linked incentive/bonus. The Board approved Rs. 662,104/- as performance linked incentive/bonus to Mr. Brijesh Arora till 31st December 2016 which was paid to Mr. Brijesh Arora in February 2017. Accordingly, the total provision for performance linked incentive/bonus as on 31st March 2017 was Rs. 165,526/- which is still pending. The aforesaid performance linked incentive/bonus paid to Mr. Arora was based on achievement of various criteria which are listed below:

- (i) Sales
- (ii) Growth projects and Portfolio
- (iii) Leadership
- (iv) Operations/ESHQ/Compliance/Audit
- (v) Compliance to requirement of public listed Company

- ** Retirement benefits for Mr. Brijesh Arora do not include provision for leave encashment and contribution to gratuity fund, as such separate figures are not available.
- *** This includes (i) use of Company owned and maintained car, (ii) hard furnishing scheme as per rules of the Company, (iii) Coverage under group personal accident insurance policy, (iv) Group Mediciclaim family floater policy.
- (i) The term of Mr. Brijesh Arora as Joint Managing Director was for 3 years effective 1st March 2015 to 28th February 2018. However, Mr. Arora was promoted and appointed as Managing Director of the Company w.e.f. 4th August 2016 for a period of 5 years. The Contract of appointment of Mr. Brijesh Arora as Managing Director can be terminated by either party by giving to the other party, without assigning any reasons whatsoever, three months' notice in writing of its intention to do so or equivalent amount of basic salary in lieu thereof.
- (ii) Mr. Brijesh Arora shall be entitled to the following retirement benefits as per rules of the Company at the time of his retirement or cessation of service from the Company (a) Provident Fund (b) Superannuation (c) Gratuity (d) National Pension Scheme (e) encashment of unavailed leave or any other benefit as per the rules of the Company.

b. Non-Executive Directors

The Company does not have any pecuniary relationship with any of its Non-Executive Directors. The Non-Executive Directors do not hold any shares or convertible instruments in the Company as on 31st March 2017.

The Non-Executive Independent Directors are not paid any remuneration other than the sitting fee for attending meetings of the Board and the Committees thereof as approved by the Board. The sitting fees as determined by the Board are presently Rs. 40,000/- per meeting for attending meeting of the Board and Rs. 30,000/- per meeting for attending meeting of the Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, which are within the limits prescribed under the Companies Act, 2013.

The Details of Sitting Fees paid to Non-Executive Independent Directors during the Financial Year 2016-2017 are as under:

Name of Directors	Sitting Fees (Rs.)				
	Board Meeting	Audit Committee Meeting	Stakeholders' Relationship Committee Meeting	Nomination and Remuneration Committee Meeting	Total
Mr. Dara P. Mehta	160,000	90,000	90,000	30,000	370,000
Mr. Guido J. Christ	80,000	60,000	N.A.	60,000	200,000
Ms. Sonia Prashar	160,000	90,000	N.A.	Nil	250,000

The Non-Executive Non-Independent Directors do not receive any payment including remuneration and sitting fee from the Company.

E. Employee Stock Option Scheme

The Company does not have any employee stock option scheme for the employees and Directors.

F. Performance Evaluation Criteria for Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI Listing Regulations, the performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation the directors who are subject to evaluation had not participated. The evaluation of Independent Directors were based on criteria such as acting objectively and constructively while exercising their duties, exercise their responsibilities in a bona fide manner in the interest of the company etc.

3.3 STAKEHOLDERS' RELATIONSHIP COMMITTEE

A. Terms of Reference

The Stakeholders' Relationship Committee looks into redressal of the shareholders and investors complaints like transfer of shares, dematerialization, issue of duplicate shares and other matters relating to investors grievances and investors relations. It also considers and resolves the grievance of security holders of the Company.

B. Composition

The Committee presently comprises of three directors. The Chairman of the Committee is a Non-Executive Independent Director.

As on 31st March 2017, the composition of the Stakeholders' Relationship Committee was as follows:

Name	Category	Designation
Mr. Dara P. Mehta	Non-Executive, Independent	Chairman
Mr. Brijesh Arora	Executive	Member
Mr. Harishkumar K Davey	Non-Executive, Non-Independent	Member

C. Meetings and Attendance

Four Stakeholders' Relationship Committee Meetings were held during the Financial Year ended 31st March 2017. The date of the meeting, Committee strength and no. of members present in the meeting were as follows:

S.No.	Date	Committee Strength	No. of Members Present
1	5 th May 2016	3	3
2	4 th August 2016	3	2
3	11 th November 2016	3	2
4	7 th February 2017	3	2

D. Attendance at Stakeholders' Relationship Committee Meetings held during the Financial Year 2016-2017:

Name of Members	Attendance	
	No. of Meetings held during the tenure	Meetings Attended
Mr. Dara P. Mehta	4	3
Mr. Frank Heinz Lelek ⁷	2	2
Mr. Brijesh Arora	4	4
Mr. Harishkumar K Davey ⁸	2	-

E. Name and Designation of Compliance Officer

Mr. Sarvesh Kumar Upadhyay, Company Secretary.

The Contact details of Compliance Officer are as follows:

Address	Telephone Number	Fax Number
"The Corenthum", Office # 2312, 3 rd Floor, 2 nd Lobe, Tower-A, A-41, Sector-62, Noida-201309, Uttar Pradesh, India	(0120) 4307910-12	(0120) 4165888

F. Details of the Investor complaints received and redressed

The Company addresses all investor complaints and grievances expeditiously and sends replies/ resolve issues within the prescribed time. The status of total number of complaints received, resolved/pending during the Financial Year 2016-2017 is as follows:

Opening	Received during the F.Y. 2016-17	Resolved during the F.Y. 2016-17	Closing
0	49	49	0

3.4 COMPLAINTS COMMITTEE (UNDER SEXUAL HARASSMENT POLICY)

Pursuant to the Company's Sexual Harassment Policy, a Complaints Committee has also been formed. As on 31st March 2017, the said Committee consists of the following members:

Name of Members	Designation
Ms. Shivangi Negi	Chairman
Mr. Brijesh Arora	Member
Mr. Harishkumar K Davey	Member
Ms. Poonam Jhingan	Member

As no complaint was received during the year under said policy, the Complaints Committee did not meet.

⁷ Mr. Frank Heinz Lelek resigned from Board and all Committee positions with effect from closing of working hours of 4th August 2016.

⁸ Mr. Harishkumar Kanaiyalal Davey was appointed as Member of the Committee with effect from 4th August 2016 (i.e. after conclusion of Stakeholders' relationship Committee Meeting held on 4th August 2016).

3.5 SHARE TRANSFER COMMITTEE

A. Terms of Reference

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

B. Composition

The Committee presently comprises of 4 Members.

As on 31st March 2017, the committee was consisting the following members:

Name of Members	Designation
Mr. Brijesh Arora, Managing Director	Chairman
Ms. Sonia Prashar, Director	Member
Ms. Shivangi Negi, Chief Financial Officer	Member
Mr. Sarvesh Kumar Upadhyay, Company Secretary	Member

C. Meeting and attendance

The Committee met 25 times during the Financial Year ended 31st March 2017. The details are as under:

S.No.	Date	Committee Strength	No. of Members Present
1.	08 th Apr 2016	4	3
2	25 th Apr 2016	4	3
3	05 th May 2016	4	4
4	31 st May 2016	4	2
5	08 th June 2016	4	3
6	13 th June 2016	4	3
7	28 th June 2016	4	3
8	12 th July 2016	4	3
9	25 th July 2016	4	3
10	10 th Aug 2016	4	2
11	22 nd Aug 2016	4	2
12	13 th Sep 2016	4	3
13	27 th Sep 2016	4	4
14	13 th Oct 2016	4	3
15	21 st Oct 2016	4	3
16	02 nd Nov 2016	4	4
17	30 th Nov 2016	4	2
18	09 th Dec 2016	4	3
19	22 nd Dec 2016	4	2
20	10 th Jan 2017	4	2
21	30 th Jan 2017	4	3
22	09 th Feb 2017	4	3
23	27 th Feb 2017	4	3
24	14 th Mar 2017	4	3
25	24 th Mar 2017	4	3

D. Attendance at Share Transfer Committee Meetings held during the Financial Year 2016-2017:

The Committee strength and no. of members present in the meeting during the Financial Year 2016-2017 were as follows:

Name of Members	Attendance	
	No. of Meetings held during the tenure	Meetings Attended
Mr. Brijesh Arora, Chairman	25	23
Mr. Frank Heinz Lelek, Member ⁹	9	1
Ms. Sonia Prashar, Member ¹⁰	16	2
Ms. Shivangi Negi, Member	25	24
Mr. Sarvesh Kumar Upadhyay, Member	25	22

Pursuant to Regulation 40 of the Listing Regulations, certificate on half yearly basis confirming due compliance of Share Transfer formalities by RTA including sub-division, consolidation etc. is obtained from a Practicing Company Secretary within one month of the end of each half of the Financial Year and the same is sent to stock exchange within prescribed time.

In addition, as stipulated by SEBI, a Reconciliation of Share Capital Audit Report by a Practicing Company Secretary for reconciliation of the Share Capital confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and total number of dematerialized shares held by NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the said Audit Report is also submitted to the Stock Exchange within prescribed time.

3.6 COMMITTEE FOR DETERMINING MATERIALITY OF AN EVENT OR INFORMATION

Pursuant to Regulation 30 of the Listing Regulations, the Board has constituted a Committee for determining materiality of an event or information and a policy in this regard was also framed by the Board. Meeting of this Committee is event based and during the Financial Year 2016-17 no meeting was required to be held.

As on 31st March 2017, the committee was consisting the following members:

Name of Members	Designation
Mr. Brijesh Arora, Managing Director	Chairman
Mr. Sarvesh Kumar Upadhyay, Company Secretary	Member
Ms. Shivangi Negi, Chief Financial Officer	Member

Mr. Frank Heinz Lelek was also member of this Committee. However, he resigned from Board and all the Committee positions of the company w.e.f. closing of working hours of 4th August 2016.

4. SUBSIDIARY

The Company does not have any subsidiary.

5. GENERAL BODY MEETINGS

Location, date and time of the Annual General Meeting (AGM) held during the preceding three years and Special Resolution passed thereat are as follows:

General Meeting	Day & Date	Time	Location (Registered Office)	Particulars of Special Resolution
28th AGM	Monday, 26 th Sept. 2016	10:30 a.m.	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula-244223, Uttar Pradesh	1. Appointment of Mr. Brijesh Arora as Managing Director of the Company for a period of 5 years with effect from 4 th August 2016 and fixation of remuneration not exceeding Rs. 8,400,000/- per annum as per breakup of salary/remuneration as decided by the Board.

⁹ Mr. Frank Heinz Lelek resigned as Member of the Committee w.e.f. 4th August 2016

¹⁰ Ms. Sonia Prashar appointed as Member of the Committee w.e.f. 4th August 2016

General Meeting	Day & Date	Time	Location (Registered Office)	Particulars of Special Resolution
27th AGM	Wednesday, 12 th August 2015	10:30 a.m.	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula-244223, Uttar Pradesh	<ol style="list-style-type: none"> 1. Appointment and fixation of remuneration of Mr. Brijesh Arora as Whole-time Director of the Company designated as "Joint Managing Director" for a period of 3 years with effect from 1st March 2015 at a remuneration not exceeding Rs. 6,000,000/- per annum as may be decided by the Board, which will be reviewed annually with effect from 1st April 2016 onwards. 2. Pursuant to the provisions of the Companies Act, 2013, approval of new set of Articles of Association of the Company substituting and superseding the existing Articles of Associations of the Company. 3. Pursuant to the provisions of the Companies Act, 2013, approval of amendment in Memorandum of Association of the Company.
26th AGM	Thursday, 14 th August 2014	10:30 a.m.	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula-244223, Uttar Pradesh	To enter into Marketing and Sales Promotion Agreement between the Company and the Related Party - Evonik India Pvt. Ltd.

5.1 Disclosures related to Postal Ballot

During the Financial year ended 31st March 2017 the Company has not passed any Resolution through Postal Ballot.

Further, till the date of signing of this report, no Special Resolution is proposed to be conducted through postal ballot.

Procedure of Postal ballot

Resolutions, if required, shall be passed by Postal Ballot during the year ending on 31st March 2018, as per the prescribed procedure under the Companies Act, 2013 and Listing Regulations.

6. MEANS OF COMMUNICATION

Quarterly Results: The quarterly results of the Company are announced within 45 days of completion of each quarter. Audited Annual Results are announced within 60 days from the end of the Financial Year. The Company regularly intimates unaudited as well as audited financial results to the stock exchange, immediately after these are approved by the Board. The quarterly and annual financial results are normally published in "Mint Newspaper - All India Edition" (English Language) and "Rashtriya Sahara" (Vernacular Language). The Company also ensures that financial results are promptly and prominently displayed on Company's Website www.insilcoindia.com. All the important events and official news releases of the Company including requirements of Regulation 46 of Listing Regulations are also disclosed on the website of the Company for ready reference of the Investors.

Annual Report: Annual Report containing inter-alia Audited Accounts, Directors' Report, Management Discussion and Analysis Report (MD&A), Auditor's Report, Corporate Governance Report including information for Shareholders and other important information is circulated to the members and others entitled thereto.

The Company also ensures that the details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, details of agreements entered into with media companies and/or their associates including all other mandatory disclosures are promptly and prominently displayed at the following web link : <http://www.insilcoindia.com/Investors.htm>.

The official news releases and presentation made to institutional investors/analysts, if any, whenever made by the Company, are also displayed at the following web link : <http://www.insilcoindia.com/Investors.htm>.

7. MANAGEMENT

Management discussion and analysis of results of operations and financial condition is included in the Annual Report for the Financial Year 2016-2017 and this report contains all the applicable information specified under Listing Regulations. The disclosures have been made by all Senior Management Personnel for the Financial Year 2016-2017 regarding all material, financial and commercial transactions where they have a personal interest, which may have a potential conflict with interest of the Company at large, if any.

8. SHAREHOLDERS

The brief resume of all the directors seeking appointment/re-appointment/fixation of term are available in this report in the notice of the 28th Annual General Meeting. The Quarterly and Annual results of the Company are forwarded to Bombay Stock Exchange, where securities of the Company are listed. The quarterly financial statements as well as the annual financial statements are posted on the Company's website. Corporate announcements made by the Company from time to time are also posted on the Company's website.

9. CEO/CFO CERTIFICATION

The Certificate required under Regulation 17 of the Listing Regulations duly signed by Managing Director and Chief Financial Officer has been given to Board and attached as **Annexure-5.2** to this report.

10. GENERAL SHAREHOLDERS INFORMATION

10.1 Particulars of ensuing Annual General Meeting

Date	5 th September 2017
Time	10:00 A.M.
Day	Tuesday
Venue	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula-244223, Uttar Pradesh.
Financial Year	The Company follows the period of 1 st April, to 31 st March, as the Financial Year.
Book Closure dates	25 th August 2017 to 5 th September 2017.
Dividend Payment Dates	No dividend has been recommended for the Financial Year 2016-17.

10.2 Financial Year Calendar 2017-2018 (Tentative)

Financial Year 2017-18	
1 st Quarter Results for quarter ending 30 th June 2017	5 th September, 2017*
2 nd Quarter Results for quarter ending 30 th September 2017	November/December 2017
3 rd Quarter Results for quarter ending 31 st December 2017	February/March, 2018
4 th Quarter Results for quarter/Annual Accounts for the period ending 31 st March 2018	May/June, 2018
30 th Annual General Meeting	August / September, 2018

* Note:

- The Shareholders are informed that Indian Accounting Standard (AS) is applicable on the Company w.e.f. 1st April 2017.
- SEBI, vide its circular no. CIR/CFO/FAC/62/2016 dated 5th July 2016 has extended the last date for convening Board Meeting/Audit Committee Meeting by one month for approval of results for June and September quarter of 2017. Accordingly, the last date for convening the aforesaid Board Meetings for June and September quarters are 14th September 2017 and 14th December 2017 respectively.
- However, as per Section 173 of the Companies Act, 2013 and Regulation 17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, there must not be gap of 120 days between two Board Meetings.
- Accordingly, the last date for Board Meeting for approval of June quarter results will be "date of Board Meeting in May + 120 days" subject to last date will not exceed 14th September 2017. Accordingly, 5th September 2017 has been decided, tentatively, for considering the financial results for the quarter ended 30th June 2017.

10.3 Listing on Stock Exchange (With Stock Code)

Name and address of Stock Exchange	Stock Code
The Bombay Stock Exchange Limited (BSE), 25 th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001	500211

10.4 Listing Fee

Annual listing fee for the year 2017-2018 has been paid to Bombay Stock Exchange.

10.5 ISIN No. in NSDL & CDSL

INE901A01011

10.6 Stock Market Data

The Monthly High/Low stock prices of Company Equity Shares at Bombay Stock Exchange and BSE Sensex during Financial Year 2016-2017 are given below:

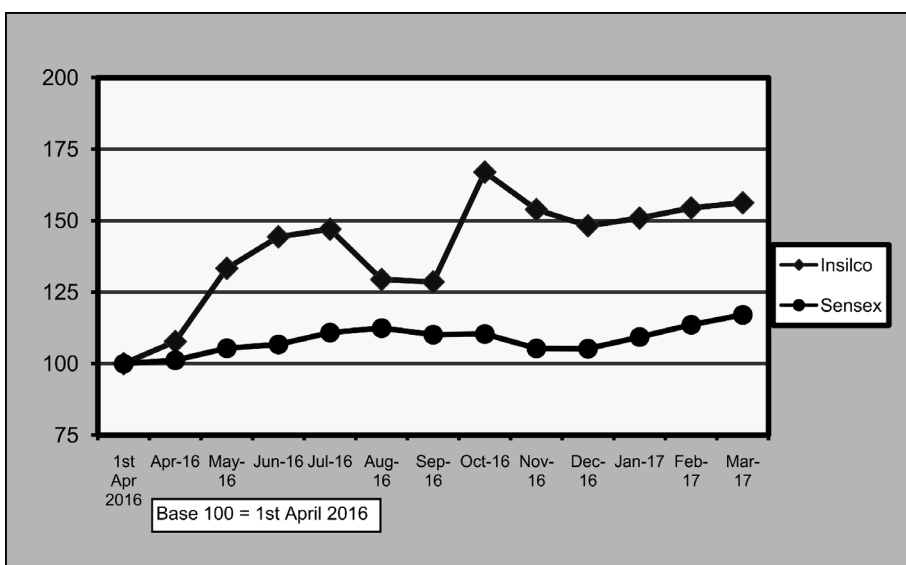
Month	Bombay Stock Exchange			
	Insilco Share Price		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
Apr 2016	18.65	16.25	26,100.54	24,523.20
May 2016	24.95	17.40	26,837.20	25,057.93
Jun 2016	24.50	21.00	27,105.41	25,911.33
Jul 2016	27.65	23.00	28,240.20	27,034.14
Aug 2016	25.50	20.25	28,532.25	27,627.97
Sep 2016	23.00	20.70	29,077.28	27,716.78
Oct 2016	28.05	21.50	28,477.65	27,488.30
Nov 2016	33.65	22.20	28,029.80	25,717.93
Dec 2016	26.35	23.60	26,803.76	25,753.74
Jan 2017	28.65	25.00	27,980.39	26,447.06
Feb 2017	27.60	25.00	29,065.31	27,590.10
Mar 2017	27.80	25.25	29,824.62	28,716.21

Source: www.bseindia.com

10.7 Stock Performance in comparison to BSE Sensex

The performance of the Company's Closing Share price relative to the BSE Sensex for the year 2016-17 is given in the chart below:

INSILCO Closing Price vs. BSE Sensex Closing April 2016 to March 2017



10.8 Registrar and Transfer Agent

Address & E-mail ID	Telephone Number	Fax Number
M/s. MCS Share Transfer Agent Ltd., F-65, 1 st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 helpdeskdelhi@mcsregistrars.com	(011) 41406149-52	(011) 41709881

10.9 Share Transfer System

The application for Transfer, Transmission and issue of duplicate shares are received at the office of Registrar and Share Transfer Agent, M/s. MCS Share Transfer Agent Limited or by Company at its registered office. If the Transfers & Transmission documents are in order, the Transfers & Transmission of shares in physical form is processed within prescribed time from date of receipt of documents complete in all respect.

10.10 Dematerialisation of Shares & Liquidity

The shares of the Company are in compulsory dematerialized segment and are available for trading system of both NSDL and CDSL. The details of the no. of shares held in Dematerialized form and physical mode as on 31st March 2017 are as follows:

Name	Physical		Dematerialized		Total	
	No. of Shares	% to Paid up capital	No. of Shares	% to Paid up capital	No. of Shares	% to Paid up capital
Evonik Degussa GmbH, Germany (Formerly Degussa GmbH), Foreign Promoter	34,495,670	55.00	11,357,645	18.11	45,853,315	73.11
Others	2,754,587	4.39	14,107,098	22.50	16,861,685	26.89
Total	37,250,257	59.39	25,464,743	40.61	62,715,000	100.00

10.11 As on 31st March 2017, the Distribution of Shareholding of the Company was as follows:

Range of No. of Equity Shares held	Total No. of Shares held	% to Total	No. of Shareholders	% to Total
1 to 500	4,904,842	7.82	36,765	91.33
501 to 1000	1,569,920	2.50	1,891	4.70
1001 to 2000	1,200,518	1.91	774	1.92
2001 to 3000	647,103	1.03	250	0.62
3001 to 4000	408,885	0.65	112	0.28
4001 to 5000	633,082	1.01	132	0.33
5001 to 10000	1,243,987	1.99	167	0.41
10001 to 50000	2,938,370	4.69	131	0.33
50001 to 100000	1,421,002	2.27	20	0.05
100001 and above	47,747,291	76.13	10	0.03
Total	62,715,000	100.00	40,252	100.00

10.12 Shareholding Pattern of the Company as on 31st March 2017:

Category	No. of Shares	% to total
Promoters - Evonik Degussa GmbH (Formerly Degussa GmbH)	45,853,315	73.11
Residents (Individual)	14,143,313	22.55
Financial Institutions and Banks	23,680	0.04
Non-Resident Individuals/ OCBs	233,208	0.37
Indian Corporate Bodies/ Trusts	2,447,424	3.91
Mutual Funds/ Insurance Companies	14,060	0.02
Total	62,715,000	100.00

10.13 Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

No GDRs/ADRs/Warrants or any convertible instruments has been issued by the Company.

10.14 Commodity price risk or foreign exchange risk and hedging activities

No hedging activities have been done as Commodity price risk and Foreign exchange risk are not material.

10.15 Plant Location

Gajraula	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula-244223, Uttar Pradesh, India
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10.16 Address for Correspondence

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

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

Following are the contact numbers:

Phone Numbers : (011) 41406149-52

Fax number : (011) 41709881

Email Address : helpdeskdelhi@mcsregistrars.com

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

"The Corenthum", Office # 2312 , 3rd Floor,
2nd Lobe, Tower-A, A-41, Sector-62,
Noida-201309, Uttar Pradesh, India

Telephone : (0120) 4307910-12

Fax No. : (0120) 4165888

Email address : insilco@evonik.com

Website : www.insilcoindia.com

11. OTHER DISCLOSURES**11.1 Disclosures on material significant related party transactions that may have potential conflict with the interest of the Company at large**

There were no materially significant related party transactions of the Company, which have potential conflict with the interest of the Company at large. Pursuant to the provisions of the Companies Act, 2013 and Accounting Standard 18, the related party transactions during the Financial Year 2016-17 have been disclosed in Form AOC-2 attached as **Annexure-4** and note-30 of Notes to Accounts to Financial Statements respectively.

As required, all related party transactions made during the financial year 2016-17 were previously approved by the Audit Committee of the Company. The required disclosures with respect to the related party transactions were duly made to Audit Committee on a quarterly basis in terms of provisions of Listing Regulations.

11.2 Details of Non-Compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authorities on any matter related to capital markets during last three years:

No penalties and/or strictures were imposed on the Company. However there was one instance of non-compliance of the regulation 31(2) of Listing Regulations i.e. 100% of shareholding of promoter(s) and promoter group is in dematerialized form was not maintained. As on 31st March 2017, 11,357,645 (18.11% of paid-up share capital) number of shares have been dematerialized out of total 45,853,315 (73.11% of paid-up share capital) shares held by promoter.

11.3 Details of establishment of Vigil Mechanism, Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee:

The Company has adopted a Whistle Blower Policy through which vigil mechanism of the Company has been laid down. The Company affirms that no personnel have been denied access to the Audit Committee on any issue. Such policy is available on the website of the Company at the following link: <http://www.insilcoindia.com/policies.htm>.

11.4 Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with all the mandatory requirements of the Listing Regulations. The Company has not adopted any discretionary (non-mandatory) requirement of the Listing Regulations.

11.5 Policy for determining “material” subsidiary

As the Company has no subsidiary, the Board has not framed any such policy.

11.6 Policy on dealing with Related Party Transactions

The policy on dealing with Related Party Transactions is available at the following web link of the Company: <http://www.insilcoindia.com/policies.htm>.

11.7 Disclosure of Accounting Treatment

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

11.8 Details of Public Funding

We have not obtained any public funding during the Financial Year ended 31st March 2017.

11.9 Disclosures with respect to demat suspense account / unclaimed suspense account

The Company do not have such account, as the same is not required.

12. DISCLOSURE OF COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND REGULATION 46 OF LISTING REGULATIONS

The Company has complied with the applicable provisions of Listing Regulations including Regulation 17 to 27 and Regulation 46. The Company submits a quarterly compliance report on Corporate Governance signed by Compliance Officer to the Stock Exchange within 15 days from the close of every quarter. Such quarterly compliance reports on Corporate Governance are also posted on the Company's website.

Compliance of the Conditions of Corporate Governance has also been audited by M/s. Sanjay Grover & Associates, Practicing Company Secretaries. After being satisfied of the above compliances, they have issued a compliance certificate in this respect. This certificate will be forwarded to the Stock Exchanges alongwith the Annual Report of the Company.

13. CERTIFICATE FROM PRACTICING COMPANY SECRETARY REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

M/s. Sanjay Grover & Associates, Practicing Company Secretaries has audited the conditions of the Corporate Governance and after being satisfied with the compliance of the same, a certificate on compliance of the same has been issued to the Company, which is attached as **Annexure 5.3** to this report.

**For & on behalf of the Board of
Insilco Limited**

**Sd/-
Dara Phirozeshaw Mehta
Chairman of the Board
DIN : 00041164**

**Sd/-
Brijesh Arora
Managing Director
DIN : 00952523**

Place : Mumbai
Date : 18th July 2017

Annexure-5.1**DECLARATION ON CODE OF CONDUCT BY MANAGING DIRECTOR**

I, Brijesh Arora, Managing Director of Insilco Limited to the best of my knowledge and belief hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct during the Financial Year ended 31st March 2017.

Place : Noida, Uttar Pradesh
Date : 16th May 2017

**Sd/-
Brijesh Arora
Managing Director**

Annexure 5.2**CEO/CFO CERTIFICATION**

To,
The Board of Directors
Insilco Limited

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION FOR THE FINANCIAL YEAR 2016-17

We hereby certify to the Board that:

1. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee
 - (a) significant changes in internal control over financial reporting during the year;
 - (b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (c) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For Insilco Limited

Sd/-
Brijesh Arora
Managing Director

Place : Noida, Uttar Pradesh
Date : 16th May 2017

Sd/-
Shivangi Negi
Chief Financial Officer

Annexure 5.3**Corporate Governance Certificate**

To,
The Members
Insilco Limited

We have examined the compliance of conditions of Corporate Governance by Insilco Limited ("the Company"), for the financial year ended March 31, 2017 as stipulated under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under the Listing Regulations except that *as on March 31, 2017, only 18.11% of promoter's shareholding is in dematerialized form as against 73.11% of total promoter's shareholding, which is not in compliance with the provisions of Regulation 31(2) of Listing Regulations.*

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900

Sd/-
Sanjay Grover
Managing Partner
CP No.: 3850

Place : New Delhi
Date : May 18, 2017

Annexure – 6

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overall Review

Production and sales during the year were 15,023 MT and 14,939 MT as against 12,028 MT and 12,304 MT respectively in the previous year. The sales turnover during the year is Rs. 961 Million as compared to Rs. 803 Million in the previous year. The sales turnover grew substantially by 20% as compared to previous year.

The Company's world class manufacturing plant at Gajraula based on technology from its parent Company Evonik Degussa GmbH, Germany gives it an edge over its competitors as it can offer high quality and innovative products to its customers.

Industry Structure and Developments

Precipitated Silica is used for rubber and specialty applications. The rubber applications include - Tyre, Footwear and Mechanical Rubber Goods. The specialty applications include - Agrochemicals, Feed, Food, Toothpaste, Detergents, Battery Separators, Cosmetics and Defoamer. All end-user segments are showing good growth.

Opportunity, Threats, Outlook, Risks and Concerns

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

- Capability to introduce new and high quality products.
- Products manufactured to International standards with consistent quality.
- Access to the International Sales & Marketing Network of our parent Company, Evonik Degussa GmbH, Germany.
- Local technical assistance to our valued customers from the Application Technology Lab operated by our parent Company as part of its international network.
- Environment friendly production site.
- Commitment to a high standard code of conduct and ethics.

Our operations in general are susceptible to possible changes in fiscal, monetary and economic policies of the Government especially with regard to fuel, power and freight costs. The major challenge for our industry is that it is raw material and energy intensive and any fluctuation in their prices has a significant impact on our performance, e.g. the change in Government policy to remove subsidies on diesel had seriously impacted our profitability and it became an issue of concern. The future growth of the Company depends upon willingness of customers to pay premium for our high quality products, our efficiency improvement like cost reduction, higher capacity utilization, supply chain performance, lower energy consumption and higher yield.

With prudent business and risk management practices, the Company is continuously looking at ways to minimize the impact of the cost increases by passing these on to customers, judicious buying, adequate stocking, developing alternate vendors, exploring alternative sources of energy, etc.

The risks of fire, flood and accident are common risks attached to the working of any plant/Company. The Management

has taken reasonable steps to counter the risk by maintaining the industrial all-risk insurance policy for its manufacturing facility as per guidance of our parent Company.

The Company has also Environmental Risk. The Company received a letter from Uttar Pradesh Pollution Control Board (UPPCB) dated 27th January 2017 for appearing before National Green Tribunal (NGT) on 6th February 2017 in the matter of M. C. Mehta Vs. Union of India and Others (Original Application No. 200/2014) i.e. matter of cleaning of Ganga. The said letter was issued to various industrial units located near Bagad River. On 6th February 2017, NGT issued a show cause notice to all the industrial units at Gajraula on the ground of pollution including Insilco Limited and asked as to why they should not be directed to shut down their units forthwith. The Company had filed its detailed reply with NGT.

However, the matter was not heard and on 24th April 2017, the NGT formed a special high power inspection team and directed them to visit Industries in Gajraula Industrial Area on 25th April 2017 and to report their observations on 26th April 2017 to NGT. The said Committee visited 13 industries in Gajraula and submitted their observations verbally with the NGT on 26th April 2017. The NGT passed its order dated 26th April 2017 on the basis of verbal observation explained before the NGT.

For Insilco Limited, the order of NGT dated 26th April 2017 inter-alia stated that *Insilco is using fresh water for dilution of treated effluent which is impermissible. Insilco is prescribed with the limit of Sodium Absorption Ratio (SAR). Since Insilco has to maintain that ratio, rather than treating the same appropriately, it is diluted by adding fresh water and with Magnesium Sulphate so that it does not exceed the prescribed limit. This is practically a fraud being played.* Similarly, the said order stated various negative comments for other industries in Gajraula.

Based on such observation, the NGT ordered shut down of all the 13 units including Insilco Limited in Gajraula Industrial Area and NGT has given option to them to come up with future plan of compliance for resuming operability of the Company and in this regard the matter was scheduled to be heard on 8th May 2017.

The shareholders are hereby informed that the aforesaid order of the NGT dated 26th April 2017 was not on merits and our plant at Gajraula has always been in full compliance with the applicable pollution norms.

The report of the said Committee was uploaded on the website of Central Pollution Control Board on late evening of 4th May 2017.

The observations of the said report for Insilco was that:

1. The industry generates effluent having high Total Dissolved Solid ("TDS");
2. The unit should opt for Zero Liquid Discharge (ZLD);
3. The unit should adopt recovery of salt (Na₂SO₄) with any appropriate system and explore possibilities of re-use of treated water at nearby industries; and
4. The unit should stop using fresh water dilution for reducing SAR in order to comply with the consent condition.

The report recommended that (i) the unit shall stop using fresh water dilution for reducing the SAR in order to comply with the consent condition; (ii) the treated water may be used at nearby industries so that the overall stress on the ground water in the area is reduced. This approach shall be through MoU and consent of UPPCB.

Insilco Limited filed its reply in NGT on 5th May 2017 alongwith reply to the observations/recommendations made in the report of the said Committee. The reply of Insilco Limited filed with NGT, inter-alia, included the following brief reply to the observations of the said report:

1. That no TDS limit has been prescribed for Insilco Limited in the water consent conditions and all such applicable condition is being complied with.
2. That Insilco Limited does not fall within the Red Category of Industries of Central Pollution Control Board (CPCB) / Ministry of Environment and Forest (MOEF) and is also not included in the 17 categories of highly / seriously polluting industries identified by CPCB and MOEF, such as Pharmaceuticals, Chlor Alkali, Fertilizers, Pesticides, Petrochemicals, Large Power Plants, Cement, Aluminum, Zinc, Copper, Iron & Steel, Large Pulp & Paper, Distillery, Sugar, Oil Refinery, Dye and dye intermediate and Tannery. That the CPCB as per the advice of NGT has come out with ZLD requirement for industries and ZLD is prescribed only for 5 industries i.e. Distillery, Tannery, Textiles, Pharmaceuticals and Dye and Dye Intermediaries. Insilco Limited do not fall under these prescribed industries and hence requirement of ZLD is not applicable on Insilco.
3. That for recovery of salt (Na₂SO₄) with any appropriate system and exploring the possibilities of re-use of treated water, Insilco Limited has reached out to various recognized scientific institutions of the country, including Delhi Technological University (DTU) (Formerly known as Delhi College of Engineering); The Indian Institute of Technology (IIT), Kanpur; and the Department of Chemical Engineering, Malaviya National Institute of Technology, Jaipur for availing their assistance and expertise in finding some techno commercial viable method for the following:
 - i. Reducing Sodium Sulphate to the maximum extent possible and recover the same for other uses in terms of the suggestion made in the Report;
 - ii. Reduce water consumption in the manufacturing process in terms of the suggestion made in the Report; and

iii. Recycle and reuse of treated water in terms of the suggestion made in the Report.

4. That Insilco is complying with the conditions of water consent including conditions with respect to SAR.

This matter was heard on 8th May 2017. The Company pleaded that recommendations with regard to ZLD is not practical for our plant and pollution authority should prescribe some appropriate method. After the hearing, the Plant of the Company was allowed to resume operations subject to following directions:

1. The industry would pay a sum of INR 1.5 Million voluntarily and it is only upon payment of that amount to the Central Pollution Control Board (CPCB) that it would be permitted to operate.
2. The industry will comply with all the recommendations and directions contained in the Joint Inspection Report immediately and without delay and default.
3. In regard to Zero Liquid Discharge (ZLD) and whether the dilution of 1/1 should be permitted, the industry would put forward its case before the Joint Inspection Team which will offer its comments and place the Report before the Tribunal.
4. The industry will obtain positively the permission from the CGWA now without any delay.
5. The Joint Inspection Team shall place complete and comprehensive Report including the source, quantum and quality of the ground water that is being extracted.
6. The inspection Report should be submitted before the Tribunal within two weeks from the date of order (i.e. 8th May 2017).

The order dated 8th May 2017 also stated that if the industry fails to comply with these directions, it should be liable to be closed without any further notice.

Pursuant to the order of NGT dated 8th May 2017, the Insilco deposited INR 1.5 Million with Central Pollution Control Board on 9th May 2017 and restarted its production from late evening of 9th May 2017.

As directed by the NGT in its order dated 8th May 2017, the special high power inspection team visited the plant of Insilco at Gajraula. The existing full compliance status along with the measures taken for improvement were explained by the plant management to the inspection team. However, as on the date of the signing of this report, the report of said inspection team has not yet been received by the Company. The NGT, on 13th July 2017 pronounced its detailed judgement in this matter where it has given certain specific directions with respect to Bagad River (drain), besides general directions, which are as follows:

- a) The Bagad river (drain) inclusive of Mahua, should be cleaned, dredged and maintained as a river or storm water drain.
- b) All the 12 industries located in the catchment area of this drain, which are highly polluting should be put under strict surveillance by the UPPCB as well as the Joint Inspection Team.
- c) The Joint Inspection Team has already been directed to inspect these industries to conform with appropriate conditions for permitting and operating all these functions.
- d) These industries have been directed to comply with the conditions of the consent order and directions issued by the Joint Inspection Team under the provisions of the Water (Prevention and Control of Pollution) Act, 1974 and Environmental (Protection) Act, 1986.
- e) In the event of these industries not complying with such directions, they shall be liable to be closed without any further notice.
- f) The Joint Inspection Team and the UPPCB shall submit compliance report in relation to these industries before the Tribunal upon regular intervals.

The Company states that it has complied with the current applicable pollution norms. But it is possible that the pollution authorities may come up with fresh requirements for compliance which will have to be examined and considered when received.

Segment-wise or Product-wise Performance

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

Outlook

The Indian economy is improving and showing potential for growth. The Company continues to enjoy a high standing with its customers because of its quality, value added services and strong technical support from parent Company. Besides, it is actively considering the installation of a "Coal Fired Hot Air Unit" at its plant to reduce the energy costs and pursuing all growth opportunities to improve the results. The quality conscious customers are showing faith in our quality products. The Company has also managed to gain few lost customers and it is actively trying to increase its customer base.

However, the future growth of the Company will depend upon our ability to optimize our costs by making our products more competitive, increasing capacity utilization, efficiency improvement and the willingness of Customers to pay premium for our high quality products. There are also concerns with respect to ongoing matter of cleaning of Ganga, which is explained in detail under point no. 15 of the Directors Report. Based on the legal opinion obtained in this matter, the Company believes that it will come out of this matter successfully. There are inherent opportunities available for the Company in the target industries such as Tyres, Automotive Components, Mechanical Rubber Goods, Footwear, Agrochemicals and Food. The silica applications in all these industries are growing rapidly. The Company is continuously improving safety, plant condition, efficiency and yield. The Company is actively pushing growth opportunities to use the unutilized production capacity and improve product mix.

Internal Control Systems and their adequacy

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

- Assets are safeguarded and protected against loss from unauthorized use or disposition.
- Transactions are authorized, recorded and reported properly.
- Accounting records are properly maintained and financial statements are reliable.
- Statutory requirements are duly complied.

The key elements of internal control system are as follows:

- Management control through monthly MIS system.
- Clearly defined organization structure.
- Well-defined authorization for conducting business.
- Revenue and capital budgeting monitoring system.
- Management control through monthly MIS system.
- Whistle Blower Mechanism.
- Policies and procedures adopted by the Company for ensuring orderly and efficient conduct.
- Adherence to Company's policy.
- Prevention of detection and fraud and errors, if any.
- The accuracy and completeness of the accounting records.
- Timely preparation of reliable financial information.

The Company has appointed a firm of independent and reputed Chartered Accountants to conduct on-going internal audits. The Auditors have access to all records and information of the Company. The Audit Committee and Board periodically review the findings and recommendations of the auditors and take necessary corrective actions wherever necessary. The Audit Committee also reviews the performance of Internal Auditors, adequacy of Internal Control Systems and ensures compliance of Internal Control Systems. The Audit Committee and Board recognize the work of the auditors as an independent check on the information received from the management on the operations and performance of the Company.

Risk Management

Risk Management is the identification and measurement of risks, which can affect the organization and implementation of strategy for monitoring, controlling and mitigation of these risks by systematic actions in a planned manner. The Board of the Company monitor and review the risk management activities of the Company on regular basis. There is also a Sub-Committee of the Company on risk management which report to the Board on matters related to Risk Management of the Company. This Sub-Committee comprises various senior management personnel including Managing Director. The framework for risk assessment and minimization thereto is being evaluated from time to time and the Company takes adequate measures for mitigating such assessed risk.

Material Developments in Human Resources/Industrial Relations Front including number of people employed

There were 116 employees as on 31st March 2017 on the rolls of the Company. The same does not include contractual employees and trainees.

Most of our employees have continued their long term association with Insilco. During 2016-2017, 2 employees were awarded for 10 years long service and 9 employees were awarded for 20 years long service. As on 31st March 2017, out of 116 employees, 8 employees completed 10 years and 84 employees have completed 20 years of service with the Company.

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

Our focus during the year was again in building competencies of human resources by filling key positions along with a policy of job re-definition and job rotation. We are striving to build not only a competent workforce but also highly engaged

and committed people to execute many projects and initiatives effectively. These organizational changes were implemented in line with the business situation and strategy. This will contribute to the growth and development of the employees and offer them the opportunity to develop new job skills and obtain wider exposures. This has also resulted in reduction in Head Count and better efficiency.

Insilco continued the high attention to the adherence by employees to our Code of Conduct.

We are also evaluating our existing processes and policies periodically and upgrading our policies and procedures, wherever required.

During the year, the company has organized the sessions for all employees for better understanding of Guiding Principles of Collaboration as per Evonik's global practice and guidelines.

During the year, company has awarded 19 suggestions under our ongoing Suggestion Scheme. This is an effort to inculcate the spirit of participation and creativity on shop floor employees.

We have provided several internal and external trainings during the year to the employees to update their knowledge and skills.

For employees' engagement, regular social and sporting activities are being organized at the colony campus under the aegis of the Employees Social Club. Various regional and national festivals are being celebrated in the campus including sports day. These activities involve the employees and their families and are a good forum for overall development of community living.

The Company is also continuing with a quarterly in house newsletter covering all the major activities of the Company, its employees and their families to strengthen the communication among the employees and their families.

Prohibition of Insider Trading

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

Environment, Safety, Health and Quality (ESHQ)

We are committed to conserve and protect the environment through continuous support and participation of all employees. Our plant at Gajraula is certified under the Environment Management Standard ISO 14001-2004 and Quality Management Standard ISO 9001-2008. We have renewed HALAL certificate during the year for Food Safety Management System. Apart from this, we are also HACCP, KOSHER and FSSAI certified Company for the Food Safety Management System.

To adhere the ESHQ Policy, Company focused on pollution abatement, resource optimization and waste minimization, which leads to sustainable development. ESHQ is a core value of the Company. The Company is committed to continuously improve its ESHQ performance by targeting Zero Harm through world class safety practices. For exclusive oversight on ESHQ aspect. ESHQ implications are properly addressed in all new strategic initiatives, budgets, audit actions and improvement plans. The senior leadership plays a critical role in encouraging positive attitudes towards safety and help in creating an environment that fosters safety culture, by establishing clear and transparent ESHQ Policy.

Your Company is having state of art effluent treatment system as per Evonik's International standards.

We take our responsibility to the field of safety particularly seriously – during production and while shipping products to our customers. Our objective is to protect our employees and local residents, as well as the environment, against any potential negative impact of our activities. The Company has set up elaborate safety system to ensure a proper safe work environment. Emphasis is given on prevention of any accident. As a result of strict safety norms being followed, the Company has been able to maintain very good safety record. Your Company also gives priority and attention to the health of its employees and trains the employees to work as per prescribed procedures designed to meet all ESHQ requirements.

We continue to endeavor the same by:

- Strictly adhering to the defined procedures set for the organization.
- Committing to process safety in all operations.
- Reinforcing the belief that all incidents are preventable.

To achieve this, we involve all employees, contractors, suppliers and sub-contractors in ESHQ initiatives through brainstorming, inspection, detection and correction. During the year 2016-2017, we also performed various work/activities including mainly:

- Celebration of World Environment Day-2016
- Safety Week Celebration during the month of March-2017
- Plantation of approx. 400 Trees

- Regular Safety Trainings and Safety Video display
- Annual Medical Health Check-ups of all the employees.

We are pleased to report that Financial Year 2016-17 is a Zero man-day loss accident year. No accident has occurred in the Plant since 13th April 2008. Insilco's ESHQ commitment is to continue as "zero incidents site" in all activities and operations.

Discussion on financial performance with respect to operational performance

A. Financial Position

1. Share Capital

The Company has one class of shares - equity shares of par value of Rs. 10/- each. The authorized share capital of the Company is Rs. 657.15 Million divided into 65,715,000 equity shares of Rs. 10/- each. The issued, subscribed and paid-up share capital stood at Rs. 627.15 Million as on year ended March 31, 2017.

During the year, there is no change in share capital of the Company.

2. Reserves and Surplus

The balance retained in the Profit & Loss Account as on March 31, 2017 is Rs. 289.71 Million as compared to Rs. 281.26 Million as on March 31, 2016. The book value per share at the end of the year is Rs. 14.62/- as compared to Rs. 14.48/- at the end of previous year.

3. Non Current Liabilities

(i) Deferred Tax Liabilities

The net deferred tax liabilities as at the year end are NIL. The Deferred tax liabilities/Assets represent tax impact of the timing differences in financial and tax books arising from depreciation on assets, provision for doubtful debts, expenditure debited to Profit & Loss Account in one year but allowed for tax purposes in following years.

(ii) Long Term Provisions

Long Term Provisions as at the year end are Rs. 0.79 Million as compared to Rs. 0.67 Million as on March 31, 2016. The provisions represent liabilities provided for Long Service Awards.

4. Current Liabilities

The Company owes an amount of Rs. 68.71 Million as compared to Rs. 63.58 Million as on March 31, 2016. This represents 7.21% of total expenditure for the year ended March 31, 2017 as compared to 7.96% of previous year. These liabilities include the following:

Particulars	As of March 31, 2017 (Rs. in Million)
Trade Payables	30.23
Other Current Liabilities:	
Capital Vendors	0.51
Advance from customer	0.39
Advance received against disposal of fixed assets	2.50
Retention Money & Security Deposits from vendors	0.78
Security deposits from customers	1.17
Forward Cover	1.44
Other Liabilities	11.74
Short Term Provisions:	
Provision for Income Tax	10.74
Provision for Gratuity	3.43
Provision for Long Service Awards	0.35
Provision for Leave Encashment	4.49
Provision for Sick Leave	0.95

5. Non Current Assets:
(i) Fixed Assets

Additions of Rs. 35.42 Million were made to Fixed Assets during the current year and this includes Rs. 28.90 Million towards Plant and Machinery, Rs. 3.45 Million towards Vehicles, Rs. 0.22 Million towards Building and Rs. 2.26 Million towards Office Equipments. The capital work-in-progress is of Rs. 2.53 Million this represents advances paid towards acquisition of fixed assets and the cost of assets not put to use.

In accordance with the requirements of revised Accounting Standard-10, spare parts having useful life of more than 12 months and meeting the definition of Property, Plant and Equipment have been capitalised. Accordingly, depreciation for the twelve months ended March 31, 2017 includes an additional depreciation of Rs. 74 lacs.

(ii) Long Term Loans and Advances

Long Term Loans and Advances amount to Rs. 38.67 Million as of March 31, 2017 as compared to Rs. 42.95 Million as on March 31, 2016. Long Term Loans and Advances include Rs. 7.65 Million towards security deposit, Rs. 29.81 Million towards advance income tax and Rs. 0.70 Million towards balance with government authorities.

6. Current Assets
(i) Current Investments

Investments of Rs. 286.50 Million at the end of the year represents the investments in Mutual Funds as compared to Rs. 314.18 Million as on March 31, 2016. All investments have been classified as current investments. Investments as on March 31, 2017 represent investments in Mutual funds having exposure to Government securities which are considered as safest securities with low risk of default.

(ii) Inventories

Inventories amount to Rs. 96.98 Million as on March 31, 2017 as compared to Rs. 115.16 Million as on March 31, 2016. The inventory has decreased by Rs. 18.17 Million during the year. The level of inventory in relation to sales has decreased by 1.89%.

(iii) Trade Receivables

Trade Receivables amount to Rs. 184.62 Million (net of provisions of Rs. 0.66 Million) as of March 31, 2017 as compared to Rs. 191.78 Million (net of provisions of Rs. 0.05 Million) as on March 31, 2016. These trade receivables are considered to be good and realizable. The need for provisions is assessed based on various factors including collectability of specific dues, risk perception of the industry in which the customer operates and other general factors. Provisions are made for trade receivables depending on the management's perception of risk. Trade Receivables are 18% of revenue for the year ended March 31, 2017 as compared to 20% of revenue for the year ended March 31, 2016. This represents an average outstanding of 65 days of revenue for the year as compared to 72 days in the previous year.

(iv) Cash and Bank Balances

As at March 31, 2017, the Company had a cash and bank balance of Rs. 193.70 Million. This represents 19.63% of total assets and 20.16% of the revenue of the current year. The cash & bank balances include deposits of Rs. 135.40 Million for original maturity between 3 months to 12 months.

(v) Short Term Loans & Advances

Short Term Loans & Advances amount to Rs. 9.87 Million as on March 31, 2017 as compared to Rs. 11.26 Million as on March 31, 2016. Short Term Loans & Advances include Rs. 5.01 Million towards advances recoverable in cash or kind & Rs. 4.86 Million towards balance with statutory/government authorities, employee loans & prepaid expenses.

(vi) Other Current Assets

Other current assets amount to Rs. 7.18 Million as compared to Rs. 6.13 Million as on March 31, 2016. Other current assets include interest accrued on fixed deposits of Rs. 5.80 Million.

B. Results of Operations
1. Turnover

The detail of turnover of the Company is as per table given below:

			Rs. in Million	
			Year ended 31.03.2017	Year ended 31.03.2016
Particulars				
Gross Turnover			961	803
Less: Excise Duty			91	75
Net Turnover			870	728

2. Net Profit/Loss After Tax

The Net profit after tax is Rs. 9.89 Million for the year ended 31st March 2017 as against profit after tax of Rs. 14.77 Million in the previous year.

3. Cash Profit

The cash profit for the year ended 31st March 2017 is Rs. 30.51 Million as compared to Rs. 28.06 million for the year ended 31st March 2016.

4. Earnings Per Share

The basic EPS during the year is Rs. 0.16 per share as against Rs. 0.24 per share in the previous year.

5. Raw Material Consumption

The raw material consumption for current year is Rs. 331.40 Million as compared to Rs. 257.70 Million for previous year. The Company continued to follow the procurement model of cullet instead of producing in house cullet.

6. Changes in inventories of Finished Goods & Work in progress

The Increase in inventory of finished goods & work in progress during the year is Rs. 2.87 Million

7. Employee Benefits Expense

The employees' remuneration and benefits for the year ended March 31, 2017 are Rs. 74.40 Million as compared to Rs. 64.55 Million for the year ended March 31, 2016. The Company has 117 employees as on March 31, 2017 on its rolls.

8. Depreciation and Amortization Expense

There has been provided a sum of Rs. 20.62 Million towards depreciation for the year ended March 31, 2017. In accordance with the requirements of revised Accounting Standard-10, spare parts having useful life of more than 12 months and meeting the definition of Property, Plant and Equipment have been capitalized. Accordingly, depreciation for the twelve months ended March 31, 2017 includes an additional depreciation of Rs. 74 lacs. The depreciation for the year ended March 31, 2017 represents 2.15% of gross sales. The depreciation as a percentage of average gross block is 2.15% for the year ended March 31, 2017.

9. Other Expenses

Other expenses for the year ended March 31, 2017 are Rs. 457.82 Million as compared to Rs. 377.47 Million for the year ended March 31, 2016. The other expenses includes Power & Fuel expenses, Repairs & Maintenance expenses, Freight & Forwarding charges, Packing expenses, Rent, Insurance, Selling & Marketing Expenses, Travelling and Conveyance expenses, etc.

FINANCIAL DATA FOR THE YEAR ENDED MARCH 31, 2017

[Rs. in Million except per share data and other information]

Description	March 2017	March 2016	March 2015
Financial Performance			
Sales	960.99	803.48	631.75
Profit before Interest, Investment Income, Depreciation, Exceptional Items and Tax	13.49	9.38	(15.33)
Income from Interest & Investment	28.00	25.84	41.25
Interest Expenses	(0.19)	(3.12)	(0.07)
Depreciation and Amortization	(20.62)	(13.29)	(11.61)
Exceptional Items	(4.16)	-	-
Profit/(Loss) Before tax	16.47	18.81	14.24
Taxation charge / (Release)	6.58	4.04	-
Profit/(Loss) after Tax	9.89	14.77	14.24
Balance Sheet			
Share Capital	627.15	627.15	627.15
Reserves and Surpluses	289.71	281.26	268.20

Net Worth	916.86	908.41	895.35
Non Current Liabilities	0.79	0.67	1.20
Non Current Assets	207.51	206.08	204.17
Net Current Assets	710.14	703.01	692.40
Total Assets	986.36	972.67	955.02
Per Share Data			
Basic EPS (Rs.)	0.16	0.24	0.23
Book Value per share (Rs.)	14.62	14.48	14.28
Other Information			
Number of Shareholders	40,252	41,405	41,909

RATIO ANALYSIS FOR THE YEAR ENDED MARCH 31, 2017

Description	March 2017	March 2016	March 2015
Ratios-Financial Performance			
Gross Profit/ Total Sales [%]	23%	22%	21%
Profit /(Loss) Before Interest, Investment Income, Depreciation, Exceptional Item & Tax/ Total Sales [%]	1%	1%	(2)%
Profit/(Loss) Before Interest, Investment Income, Depreciation & Tax/Total Sales [%]	2%	1%	(2)%
Ratios-Balance Sheet			
Debt Equity Ratio (Long Term Debt : Equity)	-	-	-
Current Ratio	11.34	12.06	12.84
Days Sales Outstanding (DSO)(Based on annualised sales of quarter 4)	66	72	59
Depreciation/Average Gross Block	2.15%	1.41%	1.22%

For & on behalf of the Board of
Insilco Limited

Sd/-
Dara Phirozeshaw Mehta
Chairman of the Board
DIN : 00041164

Sd/-
Brijesh Arora
Managing Director
DIN : 00952523

Place : Mumbai
Date : 18th July 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Insilco Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Insilco Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility 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 the design, implementation and maintenance of adequate internal financial control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 34 to the financial statements which describes the uncertainty related to the outcome of the order against the Company by National Green Tribunal (NGT) for closure of Company's plant and the interim resolution of the said matter in favour of the Company which is more fully explained therein. Based on an opinion from an external legal counsel and considering the fact that this matter is affecting all the industries in the said region where Company's plant is situated, the management is of the view that it has a strong case in its favour.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose of our audit;

- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 and 34 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. The Company has provided requisite disclosures in Note 41 to these financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Amit Gupta

Partner

Membership Number: 501396

Place of Signature: Gurgaon

Date: May 16, 2017

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

Re: Insilco Limited ("the Company")

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to information and explanations given by the management, the title deeds of immovable properties included in Freehold land and Lease hold land are held in the name of the Company.
- ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained

under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

- iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Companies Act, 2013, related to the manufacture of Precipitated Silica and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except in respect of following assessment years, the Company has made provision for Income tax in the books based on final orders, which are not paid in the absence of appeal effect from the assessing officer:

Name of Statute	Nature of dues	Assessment year	Amount involved (Rupees in '000)
Income Tax Act, 1961	Interest under Section 234B	1991-92	795
Income Tax Act, 1961	Addition to book profits under Section 115JA	1997-98	2,372
Income Tax Act, 1961	Addition to book profits under Section 115JA	1998-99	971

- (c) According to the records of the Company, the dues outstanding of income-tax, duty of excise and value added tax on account of any dispute are as follows:

Name of the Statute	Nature of Dues	Amount (Rupees in '000)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Disallowances/ Demands	251 403 2,741 2,760 6,250* 410 1,154	A.Y. 1990-91 A.Y. 2002-03 A.Y. 2004-05 A.Y. 2005-06 A.Y. 2006-07 A.Y. 2013-14 A.Y. 2014-15	Assessing Officer Assessing Officer Assessing Officer Assessing Officer Assessing Officer Commissioner of Income Tax (Appeals) Commissioner of Income Tax (Appeals)
The Central Excise Act, 1944**	Duty of excise, Interest and penalty	150	July 2012 - June 2013	Custom Excise & Service Tax Tribunal (CESTAT)
The Maharashtra Value added Tax Act 2002	Central sales tax, interest and penalty	275	F.Y. 2005-06	Joint Commissioner of Sales Tax (Appeals)
West Bengal value added tax***	Penalty	107	F.Y. 2010-11	West Bengal Taxation Tribunal
The Uttar Pradesh Value Added Tax Act, 2008 and the Central Sales Tax Act, 1956	Value added tax and Central sales tax	1,234	F.Y. 2013-14	Additional Commissioner of Sales Tax (Appeals)

* Net of Rs. 10,419 ('000) adjusted against refund accruing to the Company for another assessment year.

** The Assistant Commissioner of Customs and Central Excise has passed the order against the Company, however the Company is in process of filing appeal to CESTAT against the said order.

*** Net of Rs. 50 ('000) paid under protest by the Company.

There are no dues of duty of customs, service tax, and cess which have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a bank. The Company did not have any outstanding dues in respect of a financial institution, debenture holders or government during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer (including debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Amit Gupta

Partner

Membership Number: 501396

Place of Signature: Gurgaon

Date: May 16, 2017

Annexure -2 To the Independent Auditor's Report of even date on the Financial Statement of Insilco Limited

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

To the Members of Insilco Limited

We have audited the internal financial controls over financial reporting of **Insilco Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2017:

The Company's internal control system with respect to production cost records and related process i.e. Input Output Ratio, Linkage to Bill of Materials with consumption and updation of manual records related to production were not operating effectively, which could potentially result in material misstatement in consumption of raw material and carrying values of inventory in the books of account and inadequate disclosures in the financial statements.

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.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2017.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of Insilco Limited, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 financial statements of Insilco Limited and this report affect our report dated May 16, 2017, which expressed an unqualified opinion on those financial statements.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Amit Gupta

Partner

Membership Number: 501396

Place of Signature: Gurgaon

Date: May 16, 2017

Balance sheet as at 31 March 2017

PARTICULARS	Notes	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)
Equity and Liabilities			
Shareholder's Funds			
Share capital	3	627,150	627,150
Reserves and surplus	4	290,077	281,259
Non-current liabilities			
Long-term provisions	5	789	672
Current liabilities			
Trade payables	6		
Total outstanding dues of micro and small enterprises		627	4,534
Total outstanding dues of creditors other than micro and small enterprises		29,600	20,874
Other current liabilities	6	18,151	25,931
Short-term provisions	5	19,962	12,244
TOTAL		986,356	972,664
Assets			
Non-current assets			
Fixed assets			
Property, Plant and Equipment	7 (i)	163,455	149,011
Intangible assets	7 (ii)	52	39
Capital work-in-progress	8	4,322	14,080
Deferred tax assets (net)	9	-	-
Long-term loan and advances	10	38,677	42,948
Other non-current assets	15	1,000	-
Current assets			
Current investments	11	286,499	314,176
Inventories	12	96,983	115,157
Trade receivables	13	184,619	191,784
Cash and bank balances	14	193,698	128,079
Short-term loans and advances	10	9,870	11,260
Other current assets	15	7,181	6,130
TOTAL		986,356	972,664
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

Firm Registration No.: 301003E/E300005

Sd/-

per Amit Gupta

Partner

Membership No. 501396

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

Sd/-

Dara P Mehta

Chairman/Director

DIN: 00041164

Sd/-

Brijesh Arora

Managing Director

DIN: 00952523

Sd/-

Shivangi Negi

Chief Financial Officer

Sd/-

Sarvesh Kr. Upadhyay

Company Secretary

Place : Gurgaon

Date : 16 May 2017

Place : Noida

Date : 16 May 2017

Statement of Profit and Loss for the year ended 31 March 2017

PARTICULARS	Notes	For the year ended 31-March-2017 (Rs. in '000)	For the year ended 31-March-2016 (Rs. in '000)
INCOME			
Revenue from operations (gross)	16	960,986	803,476
Less : Excise duty		91,427	74,707
Revenue from operations (net)		869,559	728,769
Other income	17	32,641	27,841
Total Revenue (I)		902,200	756,610
EXPENSES			
Cost of raw material consumed	18	331,397	257,698
Changes in inventories of finished goods and work-in-progress	19	(2,869)	21,675
Employee benefits expense	20	74,403	64,550
Finance costs	21	192	3,117
Depreciation and amortisation expense	22	20,625	13,289
Other expenses	23	457,821	377,475
Total (II)		881,569	737,804
Profit before exceptional item and tax (I-II)		20,631	18,806
Exceptional Item	24	4,163	-
Profit/(loss) before tax		16,468	18,806
Tax expense	25		
Current tax			
Pertaining to profit for the current period		6,583	2,684
Tax relating to earlier period		-	1,356
Total tax expense		6,583	4,040
Profit for the year (A)		9,885	14,766
Earnings per equity share (Rs.):	26		
[nominal value of shares Rs. 10 (31 March 2016 Rs. 10)]			
Basic			
Computed on the basis of total profit for the year		0.16	0.24
Diluted			
Computed on the basis of total profit for the year		0.16	0.24
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

Firm Registration No.: 301003E/E300005

Sd/-

per Amit Gupta

Partner

Membership No. 501396

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

Sd/-

Dara P Mehta

Chairman/Director

DIN: 00041164

Sd/-

Shivangi Negi

Chief Financial Officer

Sd/-

Brijesh Arora

Managing Director

DIN: 00952523

Sd/-

Sarvesh Kr. Upadhyay

Company Secretary

Place : Gurgaon

Date : 16 May 2017

Place : Noida

Date : 16 May 2017

Cash Flow Statement for the year ended 31 March 2017

PARTICULARS	Year ended 31-March-2017 (Rs. in '000)	Year ended 31-March-2016 (Rs. in '000)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(loss) before tax	16,468	18,806
Adjustments for :-		
- Depreciation/amortisation	20,625	13,289
- Provision against capital work in progress of coal project	14,163	-
- Profit on sale of fixed assets	(9,744)	789
- Profit on disposal of current investments	(12,193)	(12,878)
- Interest (net)	(15,616)	(9,841)
- Liabilities no longer required written back	(633)	(651)
- Bad debts & advances written off	11	16
- Provision for slow moving inventory	1,068	1,873
- Provision for bad debts	607	13
Operating profit/(loss) before Working capital changes	14,756	11,416
Adjustment for :-		
- (Increase)/decrease in trade receivables	6,559	(94,850)
- (Increase) in loans & advances and other current assets	95	(1,000)
- Decrease/(Increase) in inventories	3,648	13,340
- Increase in trade payables, other current liabilities and provisions	8,436	6,878
Cash generated (Utilised) from Operations	33,494	(64,216)
- Direct tax (paid) /refund	1,794	(1,650)
Net Cash from / (used in) Operating activities	35,288	(65,866)
B) CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of fixed assets	(23,627)	(23,696)
- Sale of fixed Assets	28	229
- Purchase of investments	-	(120,000)
- Sale of investments	39,870	142,908
- Deposits with original maturity more than three months	(135,400)	(121,914)
- Maturity of deposits with original maturity more than three months	121,914	169,065
- Deposits with original maturity more than three months but less than twelve months	(1,000)	-
- Interest received	15,232	15,085
Net Cash from / (used in) Investing activities	17,017	61,677
C) CASH FLOW FROM FINANCING ACTIVITIES		
- Interest paid	(172)	(90)
Net Cash used in Financing activities	(172)	(90)
Net Increase/ (decrease) in Cash and Cash equivalents (A + B + C)	52,133	(4,279)
Cash and Cash equivalents as at beginning of the year	6,165	10,444
Cash and Cash equivalents as at the end of the year	58,298	6,165
Components of Cash and Cash Equivalents		
Cash on hand	48	63
With banks		
On Current accounts	58,250	6,102
Deposits with Original Maturity of less than three months	-	-
Closing Cash in hand and Bank balances (Refer Note 14)	58,298	6,165

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No.: 301003E/E300005

Sd/-
per Amit Gupta
Partner
Membership No. 501396

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

Sd/-
Dara P Mehta
Chairman/Director
DIN: 00041164

Sd/-
Shivangi Negi
Chief Financial Officer

Sd/-
Brijesh Arora
Managing Director
DIN: 00952523

Sd/-
Sarvesh Kr. Upadhyay
Company Secretary

Place : Gurgaon
Date : 16 May 2017

Place : Noida
Date : 16 May 2017

Notes to financial statements for the year ended 31 March 2017

1. Corporate Information

Insilco Limited is a subsidiary of Evonik Degussa GmbH, Germany. The Company is a public Company and is incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange. The Company is engaged in the manufacturing and selling of precipitated silica. Insilco produces different grades of precipitated silica, catering to the requirements of customers in different industries.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

Change in accounting policy

I. Classification of items of stores and spares

Pre-revised AS 10 required that stand-by and servicing equipment should normally be capitalized as property, plant and equipment. It required that machinery spares are usually treated as inventory and charged to profit or loss on consumption. However, spares parts that can be only used in connection with a particular item of property, plant and equipment, and whose use is expected to be irregular, are capitalized. Such spare parts are depreciated over a period, not exceeding the remaining useful life of the principal asset.

According to AS 10 (R), all spare parts, stand-by and servicing equipment qualify as property, plant and equipment (PPE) if they meet the definition of PPE i.e. if the company intends to use these during more than a period of 12 months. The spare parts capitalized in this manner are depreciated as per AS 10 (R). Had the company continued to use the earlier policy of classifying stores and spares as inventories, its financial statements for the period would have been impacted as below:

The company has changed its accounting policy of property, plant and equipment to comply with AS 10 (R). The company has applied transitional provisions, which requires previously recognized stores and spares as inventory should be capitalized as a PPE at its carrying amount and depreciated prospectively over its remaining useful life.

Inventories would have been higher by Rs. 11,718('000') property, plant and equipment would have been lower by 16,586 ('000'), depreciation would have been lower by 7,431('000'), and other expense would have been higher by Rs. 4,868('000'). Profit for the current period would have been higher by Rs. 2,563 ('000')(profit net of tax impact Rs. 2,040 ('000')).

a. Use of estimates

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

b. Property, Plant and Equipment

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

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

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.

Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on the basis of the estimated useful lives of property, plant and equipment which is either equal to or lower than the life prescribed under Schedule II of Companies Act, 2013. For this purpose, part of the plant has been considered as continuous process plant, based on technical opinion. The Company has used the following rates to provide depreciation on its property, plant and equipment:

Particulars	Useful life as estimated by management (Years)	Useful life as per Schedule II (Years)
Factory building	30	30
Non- Factory Building:		
-RCC frame*	37	60
-Other than RCC frame	30	30
-Tube well	5	5
-Carpet road-other than RCC	5	5
Electrical Installation and Fittings*	5	10
Air conditioner*	5	10
Computers:		
-Server/Network*	4	6
-End user devices, desktop, laptop etc.	3	3
Office Equipment*	5	10
Furniture and Fixture	10	10
Vehicles*	5	8
Plant and Machinery :		
-Shift base	15-7.5	15-7.5
-Continuous process	25	25
-Reactors/storage tanks/vessels etc.	20	20
-Workshop equipment	15	15
-Laboratory equipments	7.5	7.5
-Components of Plant & machinery	1-25	(As estimated by the management)

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

* The Company has, based on a technical review and re-assessment by the management, decided to adopt the existing useful life for certain asset blocks which is lower as against the useful life recommended in Schedule II of the Companies Act, 2013, since the Company believes that the estimates followed are reasonable and appropriate, considering current usage and geographical location of such assets.

c. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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

Computer software is amortized over a period of three years, being the estimated useful life.

d. Leases

Where the Company is lessee

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

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

e. Impairment of Assets

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

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These

budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss. After impairment depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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

f. Borrowing Cost

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

g. Investments

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

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

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

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

h. Inventories

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

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i. Revenue Recognition

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

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from sale of goods. The Company collects sales taxes and value added taxes (VAT) on

behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

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

Dividends

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

j. Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

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

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

k. Employee benefits

(i) Short Term:

Short term employee benefits are recognized in the year during which the services have been rendered.

(ii) Long Term :

Defined Contribution plans:

- **Provident Fund:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

- **Superannuation:**

The Company has taken group policy with Life Insurance Corporation of India (LIC) to fund its liability towards employee's superannuation. Superannuation fund is administered by LIC and contributions made to the fund are charged to revenue. The Company has no further obligations under the plan beyond its monthly contributions.

- **National Pension Scheme:**

The Company has registered under the National Pension Scheme to provide post retirement benefit to employees. This is an optional scheme available to employees. The Company has no further obligations under the plan beyond its monthly contributions.

Defined benefit plans

- Gratuity

Gratuity is a post-employment defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually at the year-end by an independent actuary using the projected unit credit method. Actuarial gains and losses are charged or credited to the profit and loss account in the year in which such gains or losses arise.

Other Long Term Employee Benefit Plan

- Compensated Absence

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

- Long Term Service Award

The liability towards long terms service award is determined based on actuarial valuation at the year end.

I. Income taxes

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

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

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

m. Segment reporting

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

n. Earnings per Share

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

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

o. Provisions

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

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

p. Contingent Liabilities

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

q. Cash and cash equivalents

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

r. Derivative instruments and hedge accounting

The Company uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions.

For the purpose of hedge accounting, hedges are classified as:

1. Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
2. Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
3. Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly under shareholders fund in the hedging reserve, while any ineffective portion is recognized immediately in the statement of profit and loss.

The company uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized immediately in the statement of profit and loss.

Amounts recognized in the hedging reserve are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the hedging reserve is transferred to the statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the hedging reserve remains in the hedging reserve until the forecast transaction or firm commitment affects profit or loss.

Notes to financial statements for the year ended 31 March 2017

Particulars	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)
Note (3) Share Capital		
Authorised share capital		
65,715,000 (Previous year 65,715,000) equity shares of Rs.10 each	657,150	657,150
Issued, subscribed and fully paid up shares		
62,715,000 (Previous year 62,715,000) equity shares of Rs.10 each fully paid up	627,150	627,150
Total issued, subscribed and fully paid up shares	627,150	627,150

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31-March-2017 Numbers (Rs. in '000)		As at 31-March-2016 Numbers (Rs. in '000)	
At the beginning of the year	62,715,000	627,150	62,715,000	627,150
Issued during the year	-	-	-	-
Outstanding at the end of the year	62,715,000	627,150	62,715,000	627,150

b. Terms/rights attached to equity shares

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

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

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

c. Shares held by holding company

Particulars	As at 31-March-2017 Numbers (Rs. in '000)		As at 31-March-2016 Numbers (Rs. in '000)	
Evonik Degussa GmbH, the Holding Company	45,853,315	458,533	45,853,315	458,533

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

Particulars	As at 31-March-2017 Numbers % holding in the class		As at 31-March-2016 Numbers % holding in the class	
Evonik Degussa GmbH, the Holding Company	45,853,315	73.11%	45,853,315	73.11%

Particulars	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)
Note (4) Reserve and Surplus		
Hedging reserve		
Balance as per the last financial statements	-	-
Gains/(losses) arising during the year on Foreign currency forward contract	(1,067)	-
Closing Balance	<u>(1,067)</u>	<u>-</u>
Surplus in the statement of profit and loss		
Balance as per last financial statement	281,259	268,184
Adjustment to carrying amount of fixed assets as per Schedule II of the Companies Act, 2013 (Net of Deferred Tax Liability)	-	(1,691)
Profit for the year	9,885	14,766
Closing Balance	<u>291,144</u>	<u>281,259</u>
Total reserves & surplus	<u>290,077</u>	<u>281,259</u>

Particulars	Long Term		Short Term	
	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)
Note (5) Provisions				
Provision for income tax (Net of advance Tax)	-	-	10,741	5,258
Provision for gratuity (Note No. 27)	-	-	3,431	790
Provision for long service award	789	672	349	845
Provision for compensated absences	-	-	4,489	4,438
Provision for sick leave	-	-	952	913
Total provisions	<u>789</u>	<u>672</u>	<u>19,962</u>	<u>12,244</u>

Note (6) Trade payable and other current liabilities

Trade payables		
Total outstanding dues of micro and small enterprises (refer note 33 for details of dues to Micro & Small Enterprises)	627	4,534
Total outstanding dues of creditors other than micro and small enterprises	29,600	20,874
	<u>30,227</u>	<u>25,408</u>
Other current liabilities		
Capital Vendors	509	-
Advance from customers	394	142
Advance received against disposal of fixed assets (refer note 43)	2,500	12,500
Retention money/ Security deposit of vendors	770	735
Security deposits from customers	1,175	1,175
	<u>5,348</u>	<u>14,552</u>
Derivative liabilities		
Forward contract payable (refer note 40)	1,067	-
	<u>1,067</u>	<u>-</u>
Others		
TDS payable	1,535	1,159
Excise duty and service tax payable	5,899	5,477
Employee related liabilities	4,047	4,502
Other statutory liabilities	255	241
Total Other current liabilities	<u>11,736</u>	<u>11,379</u>
	<u>18,151</u>	<u>25,931</u>
	<u>48,378</u>	<u>51,339</u>

Note 7 (i). Property, Plant and Equipment

Note 7 (i). Property, Plant and Equipment											(Rs in '000)
Property, Plant and Equipment	Freehold land	Lease Hold Land	Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Leasehold Improvements	Electrical Installation & Fittings	Computers	Total
At 1 st April 2015	104	17,404	190,987	640,526	5,422	5,378	3,084	-	63,348	14,284	940,537
Additions	-	-	369	4,038	121	2,602	454	-	289	143	8,016
Disposal	-	-	(238)	(4,196)	(159)	(621)	(248)	-	(206)	(172)	(5,840)
At 31st March 2016	104	17,404	191,118	640,368	5,384	7,359	3,290	-	63,431	14,255	942,713
Additions (refer note 2.1.1)	-	-	223	28,898	248	3,450	2,263	-	122	197	35,401
Disposal	-	-	-	(5,895)	(13)	-	(87)	-	(30)	(134)	(6,159)
At 31st March 2017	104	17,404	191,341	663,371	5,619	10,809	5,466	-	63,523	14,318	971,955
Depreciation											
At 1st April 2015	-	4,474	116,596	512,122	3,553	4,276	2,398	-	53,197	12,631	709,247
Additions	-	202	4,894	5,953	295	855	284	-	250	556	13,289
Disposal	-	-	(26)	(3,571)	(65)	(590)	(226)	-	(181)	(163)	(4,822)
Transfer to opening retained earnings	-	-	-	1,691	-	-	-	-	-	-	1,691
At 31st March 2016	-	4,676	121,464	516,195	3,783	4,541	2,456	-	53,266	13,024	719,405
Additions	-	202	4,893	13,184	311	1,149	313	-	214	358	20,624
Disposal	-	-	-	(5,600)	(12)	-	(66)	-	(21)	(127)	(5,826)
At 31st March 2017	-	4,878	126,357	523,779	4,082	5,690	2,703	-	53,459	13,255	734,203
Impairment Provision											
At 1st April 2015	-	-	6,896	62,672	-	-	-	-	4,729	-	74,297
Additions	-	-	-	-	-	-	-	-	-	-	-
Reversal	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2016	-	-	6,896	62,672	-	-	-	-	4,729	-	74,297
Additions	-	-	-	-	-	-	-	-	-	-	-
Reversal	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2017	-	-	6,896	62,672	-	-	-	-	4,729	-	74,297
Net Block at 31st March 2016	104	12,728	62,758	61,501	1,601	2,818	834	-	5,436	1,231	149,011
Net Block at 31st March 2017	104	12,526	58,088	76,920	1,537	5,119	2,763	-	5,335	1,063	163,455

7 (ii). Intangible assets - Computer Software

(Rs in '000)

At 1st April 2015	2,898
Additions	-
Disposal	-
At 31st March 2016	2,898
Additions	17
Disposal	(80)
At 31st March 2017	2,835
Amortisation	
At 1st April 2015	2,859
Additions	-
Disposal	-
At 31st March 2016	2,859
Additions	1
Disposal	(77)
At 31st March 2017	2,783
Net Block at 31st March 2016	39
Net Block at 31st March 2017	52

Particulars	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)
Note (8) Capital work-in-progress		
Opening balance	14,080	928
Add: Additions during the year	18,519	16,215
	<u>32,599</u>	<u>17,143</u>
Less: Capitalised during the year	14,114	3,063
	<u>18,485</u>	<u>14,080</u>
Less: Provision against capital work in progress of coal project (refer note 44)	14,163	-
	<u>4,322</u>	<u>14,080</u>
Closing balance	<u><u>4,322</u></u>	<u><u>14,080</u></u>
Note (9) Deferred tax assets (net)		
Deferred tax liabilities		
Depreciation on fixed assets	33,045	26,014
	<u>33,045</u>	<u>26,014</u>
Gross deferred tax liabilities	<u>33,045</u>	<u>26,014</u>
Deferred tax assets		
Impairment on fixed assets	21,591	18,727
Provision for doubtful debts & Advances	576	375
Provision for inventory obsolescence	4,134	3,780
Employee benefits	2,820	3,132
Others	3,924	-
	<u>33,045</u>	<u>26,014</u>
Gross deferred tax assets	<u>33,045</u>	<u>26,014</u>
Net deferred tax assets (net)	<u><u>-</u></u>	<u><u>-</u></u>

The Company follows Accounting Standard (AS 22) "Account for taxes on Income", as notified by the Companies Accounting Standard Rules, 2006. As there is no virtual certainty that the Company will have sufficient timing differences against which deferred tax assets can be realised in future, hence the deferred tax asset has been recognized to the extent of deferred tax liabilities.

Particulars	Non Current		Current	
	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)
Note (10) Loans and advances				
Capital advances				
Unsecured, considered good	301	2,528	-	-
	<u>301</u>	<u>2,528</u>	<u>-</u>	<u>-</u>
Security deposit				
Unsecured, considered good	7,654	6,684	-	-
Doubtful	103	103	-	-
	<u>7,757</u>	<u>6,787</u>	<u>-</u>	<u>-</u>
Less: Provision for doubtful security deposit	(103)	(103)	-	-
	<u>7,654</u>	<u>6,684</u>	<u>-</u>	<u>-</u>
Advances recoverable in cash or kind				
Unsecured, considered good*	-	-	5,013	6,311
Doubtful	-	-	978	978
	<u>-</u>	<u>-</u>	<u>5,991</u>	<u>7,289</u>
Less: Provision for doubtful advances	-	-	(978)	(978)
	<u>-</u>	<u>-</u>	<u>5,013</u>	<u>6,311</u>
Other loans and advances				
Employee loan	211	450	576	838
Advance income tax (net of provision for tax)	29,811	32,726	-	-
Prepaid expenses	-	-	2,997	2,847
Balance with statutory/government authorities	700	560	1,284	1,264
	<u>30,722</u>	<u>33,736</u>	<u>4,857</u>	<u>4,949</u>
	<u>38,677</u>	<u>42,948</u>	<u>9,870</u>	<u>11,260</u>

* Due from related parties Rs 545 (000), [Previous year Rs. 447 (000)]. Also refer note 30.

Particulars	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)
Note (11) Investments		
Current investments - (valued at lower of cost and fair value, unless stated otherwise)		
Unquoted mutual funds, non trade		
16,54,469 (previous year 16,54,469) units of Rs 10 each in Kotak Gilt (Investment Regular) Direct Plan Growth	71,630	71,630
20,58,123 (previous year 20,58,123 units of Rs 10 each in Franklin India Govt. Securities Fund-Long Term Plan -Direct Growth	63,537	63,537
Nil (previous year 10,28,422) units of Rs 10 each in Principal Government Securities fund-Direct Plan Growth	-	24,221
3,43,470 (previous year 4,32,714) units of Rs 10 each in Franklin India Govt. Securities Fund-Composite Plan-Direct Growth	13,301	16,757
39,20,689 (previous year 39,20,689) units of Rs 10 each in DHFL Pramerica Gilt Fund-Direct Plan-Growth	55,595	55,595
7,11,037 (previous year 7,11,037) units of Rs 10 each in DSP BlackRock Government Securities Fund-Direct Plan-Growth	28,672	28,672
13,11,009 (previous year 13,11,009) units of Rs 10 each in Canara Robeco Gilt PGS-Direct Growth	50,000	50,000
78,547 (previous year 78,547) units of Rs 10 each in ICICI Prudential Long Term Gilt Fund-Direct Plan-Growth	3,764	3,764
	286,499	314,176

Aggregate amount of unquoted investment of Rs. 286,499 ('000) [previous year Rs. 314,176 ('000)]

Aggregate provision for diminution in value of investment of Rs. nil [previous year nil]

Particulars	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)
Note (12) Inventories		
(At cost and net realisable value, which ever is lower)		
Raw materials [includes material in transit of Rs. 1,125 ('000); [Previous year Rs. 1,924 ('000)]]	12,435	21,938
Work-in-progress	10,257	10,973
Finished goods [includes material in transit of Rs. 6,553('000); [Previous year Rs. 8,963 ('000)]]	56,652	53,067
Stores and spares [includes material in transit of Rs. 77 ('000); (Previous year Rs. 525 ('000)]	15,365	27,077
Packing Materials [includes material in transit of Rs. 103 ('000); (Previous year Rs. Nil ('000)]	2,274	2,102
	96,983	115,157

Particulars	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)
Note (13) Trade receivables		
Debts outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	53	568
Doubtful	661	54
	<u>714</u>	<u>622</u>
Provision for doubtful receivables	(661)	(54)
	<u>53</u>	<u>568</u>
Other receivables		
Secured, Considered good	1,150	1,125
Unsecured, Considered good	183,416	190,091
	<u>184,619</u>	<u>191,784</u>
Note (14) Cash and Bank Balances		
Cash and cash equivalents		
Balance with banks:		
On Current accounts*	13,050	6,102
Deposits with original maturity of less than three months	45,200	-
Cash on hand	48	63
	<u>58,298</u>	<u>6,165</u>
Other bank balances:		
Deposits with original maturity of more than 3 months but less than 12 months	135,400	121,914
Deposit with remaining Maturity of more than 12 months	1,000	-
	<u>136,400</u>	<u>121,914</u>
Amount disclosed under non current assets (refer note 15)	(1,000)	-
	<u>193,698</u>	<u>128,079</u>

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

The Company has credit facilities amounting to Rs. 5,000 ('000) from a Bank which includes cash credit, export packing credit, export post shipment credit and bill discounting facilities. This limit is secured by hypothecation of stock of finished goods, work in progress, raw materials and book debts both present and future of the Company on first pari passu charge basis.

Particulars	Non Current		Current	
	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)	As at 31-March-2017 (Rs. in '000)	As at 31-March-2016 (Rs. in '000)
Note (15) Other assets				
Unsecured, considered good unless stated otherwise				
Non current bank balances (refer Note 14)	1,000	-	-	-
Others				
Interest accrued on fixed deposits	-	-	5,803	5,225
Interest accrued on security deposits	-	-	581	521
Export benefit receivable	-	-	687	263
Fixed assets held for sale	-	-	110	60
Others	-	-	-	61
	<u>-</u>	<u>-</u>	<u>7,181</u>	<u>6,130</u>
	<u>1,000</u>	<u>-</u>	<u>7,181</u>	<u>6,130</u>

Particulars	For the year ended 31-March-2017 (Rs. in '000)	For the year ended 31-March-2016 (Rs. in '000)
Note (16) Revenue from operations		
Sale of products		
Finished goods	912,389	760,749
Other operating revenue		
Waste sale	-	44
Freight and forwarding charges - income	48,597	42,683
Revenue from operations (gross)	960,986	803,476
Less: Excise duty #	91,427	74,707
Revenue from operations (net)	869,559	728,769

Excise duty on sales amounting to Rs. 91,427 ('000) (Previous year Rs. 74,707 ('000)) has been reduced from Sales in Statement of Profit & Loss and excise duty on increase/(Decrease) in stock amounting to Rs. 378 ('000) (Previous year Rs. (1,515) ('000)) has been considered as (Income)/Expense in note 23 of the financial statements.

Details of products sold

Finished goods sold

Precipitated silica	912,389	760,749
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Note (17) Other income

Interest income on		
Bank deposits	11,989	10,890
Interest on income tax refund	3,218	1,501
Others	601	566
Profit on sale of current investment	12,193	12,878
Provisions no longer required written back	633	650
Insurance claim income	142	303
Export incentive	849	1,049
Scrap sales	1,506	-
Diminution of investments (net of reversal)	-	-
Exchange difference (net)	1,506	-
Miscellaneous income	4	4
	32,641	27,841

Note (18) Cost of Raw material consumed

Inventory at the beginning of the year	21,938	18,562
Add: Purchases	321,894	261,074
	343,832	279,636
Less: Inventory at the end of the year	12,435	21,938
Cost of raw material consumed	331,397	257,698

Details of Raw Material Consumed

Cullet	288,875	229,164
Sulphuric acid	40,822	26,317
Others	1,700	2,217
	331,397	257,698

Details of Raw material inventory

Cullet	10,206	20,946
[includes material in transit of Rs. 1,125 ('000); [Previous year Rs. 1,924 ('000)]]		
Others	2,229	992
	12,435	21,938

Particulars	For the year ended 31-March-2017 (Rs. in '000)	For the year ended 31-March-2016 (Rs. in '000)
Note (19) (Increase)/ decrease in finished goods and work in progress		
(Increase)/ decrease in finished goods and work in Progress		
Opening stock		
Finished goods and work in progress	64,040	85,715
Closing stock		
Finished goods and work in progress	66,909	64,040
	<u>(2,869)</u>	<u>21,675</u>
Details of inventory		
Finished goods - precipitated silica	<u>56,652</u>	<u>53,067</u>
Work-in-progress		
Water glass stage	4,426	1,840
Drying stage	3,466	8,085
Others	2,365	1,048
	<u>10,257</u>	<u>10,973</u>
Note (20) Employee benefit expenses		
Salaries, wages and bonus	55,384	49,768
Contribution to provident and other funds (refer note 27)	8,694	7,602
Gratuity expense (refer note 27)	3,402	797
Staff welfare expenses	6,923	6,383
	<u>74,403</u>	<u>64,550</u>
Note (21) Finance cost		
Interest expense on income tax	-	3,027
Interest expense	94	-
Bank charges	98	90
	<u>192</u>	<u>3,117</u>
Note (22) Depreciation and amortization expense		
Depreciation on property, plant and equipment	20,624	13,289
Amortization of intangible assets	1	-
	<u>20,625</u>	<u>13,289</u>

Particulars	For the year ended 31-March-2017 (Rs. in '000)	For the year ended 31-March-2016 (Rs. in '000)
Note (23) Other expenses		
Stores and spare parts consumed	34,031	26,727
Packing material consumed	23,453	21,178
Power and fuel	257,046	214,083
Repairs to building	8,357	3,440
Repairs to machinery	8,612	10,799
Repairs to others	1,124	1,050
Provision for obsolete stores, spares and packing bags	1,068	1,873
Increase/(decrease) in provision for excise duty on finished goods	378	(1,515)
Rent and maintenance charges (refer note 28)	1,902	1,854
Rates and taxes	1,016	1,264
Insurance	3,892	3,506
Discount, rebates and allowances	3,141	2,873
Selling and marketing expenses	10,415	7,887
Freight and forwarding charges - expense	69,538	51,308
Bad debts / advances write off	11	16
Directors' sitting fee	827	711
Payment to auditor (refer details below)	2,336	2,133
Legal and professional	3,455	3,425
Travelling and conveyance	1,771	998
Exchange difference (net)	-	116
Provision for bad and doubtful debts created	607	13
Royalty	3,830	2,633
Loss on sale of fixed assets, net	256	789
Support service charges	4,960	4,712
Watch and ward expenses	4,932	4,682
Printing and stationary	1,133	927
Miscellaneous expenses	9,730	9,993
	457,821	377,475
Payment to auditor		
As auditor:		
- Audit fee	1,180	1,061
- Tax Audit fee	210	210
- Limited review	750	750
For reimbursement of expenses	196	112
	2,336	2,133
Note (24) Exceptional items		
Profit on transfer of leasehold rights in residential flats at Patalganga (refer Note 43)	(10,000)	-
Provision against capital work in progress of coal project (refer Note 44)	14,163	-
	4,163	-
Note (25) Tax expense		
Current tax/ (MAT) (refer note 46)	6,583	2,684
Tax adjustment of earlier years	-	1,356
	6,583	4,040

Particulars	For the year ended 31-March-2017 (Rs. in '000)	For the year ended 31-March-2016 (Rs. in '000)
Note (26) Earning per share (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Total operations for the year		
Profit after tax	9,885	14,766
Net profit for calculation of basic and diluted EPS	9,885	14,766
Weighted average no. of equity shares in calculation	62,715	62,715
Basic and diluted EPS (in No. '000)		

27. Gratuity and other employee benefit plans

The Company has calculated the various benefits provided to employees as per Accounting Standard-15 Employee Benefits* as under:

a. Defined Contribution Plans

- (i) Provident Fund
- (ii) Superannuation Fund
- (iii) Employers Contribution to Employee State Insurance
- (iv) Employers Contribution to Employees' Pension Scheme 1995
- (v) National Pension Scheme

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

(Rs. in '000)		
Particulars	2016-17	2015-16
Employers Contribution to Provident Fund*	2,264	1,824
Employers Contribution to Superannuation Fund*	4,042	3,850
Employers Contribution to Employee State Insurance*	159	47
Employers Contribution to Employees' Pension Scheme 1995*	1,681	1,648
Employers Contribution to National Pension Scheme*	323	-
	8,469	7,369

*Included in Contribution to Provident, and other funds under Employee Benefit expenses (Refer note 20).

b. Defined Benefit Plans
Employees' Gratuity Fund:

Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The completion of continuous service of 5 years shall not be applicable for an employee who attains the age of superannuation or normal age of retirement before completion of the continuous service of 5 years. The Company has funded the gratuity liability with Life Insurance Corporation of India (LIC) except in case of certain new employees, whose gratuity liability is unfunded. Rate of return is as given by the insurance Company. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	2016-17	2015-16
Discount Rate (per annum)	6.80%	7.50%
Expected Rate of increase in compensation levels	9.00%	9.00%
Expected Rate of return on plan assets	8.25%	8.35%
Expected Average remaining working lives of employees (years)	09	10

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

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

Reconciliation of opening and closing balances of present value obligation:

(Rs. in '000)

Particulars	2016-17	2015-16
Opening balance of defined benefit obligation	27,310	24,893
Current service cost	1,779	1,480
Interest cost	2,048	1,942
Benefits Paid	(798)	(427)
Actuarial (gain)/ loss	1,778	(578)
Closing defined benefit obligation	32,117	27,310

Reconciliation of opening and closing balances of fair value of plan assets:

(Rs. in '000)

Particulars	2016-17	2015-16
Opening balance of fair value of plan assets	26,520	23,852
Expected return on plan assets	2,214	2,147
Contributions	737	1,048
Benefits Paid	(774)	(427)
Actuarial gain/ (loss)	(12)	(100)
Closing balance of plan assets	28,685	26,520

Amount of expense recognized in the statement of profit and loss:

(Rs. in '000)

Particulars	2016-17	2015-16
Current service cost	1,779	1,480
Interest cost	2,048	1,942
Expected return on Plan Assets	(2,214)	(2,147)
Net Actuarial (gain)/ loss recognized during the year	1,789	(478)
Total (income)/expense recognized in Profit & Loss	3,402	797

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2016-17	2015-16
Investments with insurer	100%	100%

Net Asset/ (Liability) recognized in Balance Sheet (including experience adjustment impact)

(Rs. in '000)

S. No.	Net Asset/ (Liability) recognized in Balance Sheet (including experience adjustment impact)	2016-17	2015-16	2014-15	2013-14	2012-13
1	Present value of Defined Benefit Obligation	32,117	27,310	24,893	21,374	23,481
2	Fair value on Plan Assets	28,685	26,520	23,852	23,489	20,280
3	Net Asset/(Liability) recognized in Balance Sheet	(3,432)	(790)	(1,041)	2,115	(3,201)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	(12)	(100)	25	26	-
5	Experience Adjustment of obligation [(Gain)/Loss]	(205)	(1,192)	(221)	(42)	737

Gratuity:

The Company expects to contribute Rs 3,268('000) to gratuity in next year [previous year Rs. 811('000)].

c. Other Long Term Employee Benefits**(i) Leave Encashment**

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

(ii) Long Service Award

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

(iii) Compensated Absence

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

During the year, the Company has recognized the following amounts in the statement of profit and loss:-

(Rs. in '000)

Particulars	2016-17	2015-16
(i) Leave Encashment	165	398
(ii) Long Service Award	642	392
(iii) Compensated Absence	39	129

28. Leases

The Company has taken its corporate office at Noida with effect from May 01, 2013 under non-cancellable operating lease for a period of 3 years having terms of renewal option. The Lease deed has expired on April 30, 2016. The Company was not interested to extend the Lease deed for another period of 3 years. However, the Company has extended the lease deed till December 31, 2017.

The lease rental expense recognized in the statement of profit and loss for the year in respect of lease transaction is Rs.1,512[previous year Rs1,512 ('000)].

The future minimum lease payments and payment profile of non-cancelable operating lease as at March 31, 2017 are as follows:

(Rs. in '000)

Periods	Future minimum lease payments	
	2016-17	2015-16
Payable not later than one year	-	756
Payable later than one year and not later than five years	-	-
Payable later than five years	-	-
Total Minimum Lease payments	-	756

29. Segment Information

Disclosure regarding segment reporting as per Accounting Standard 17 'Segment Reporting', have not been provided since the Company has a single business segment namely Precipitated Silica.

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

(Rs. in '000)

Particulars	2016-17	2015-16
Domestic Operations	828,251	682,801
Foreign Operations	84,138	77,948
Total	912,389	760,749

The following table shows the Company's consolidated trade receivables by geographical market;

(Rs. in '000)

Particulars	2016-17	2015-16
Domestic	1,47,722	1,23,396
Foreign	36,897	68,388
Total	1,84,619	1,91,784

The Company has common other assets for producing goods to domestic and overseas market. Hence separate figures for other assets/addition to fixed assets have not been furnished.

30. Related Party Disclosure

a. List of Related Parties

Relationship	Name of Related Party
Related parties where control exists	
Ultimate Holding Company	RAG-Stiftung
Intermediate Holding Company	Evonik Industries AG
Holding Company	Evonik Degussa GmbH
Related parties with whom transactions have taken place during the year	
Fellow Subsidiaries with whom the Company has transacted	1. Evonik India Pvt. Ltd. 2. Evonik Resource Efficiency GmbH 3. Evonik Degussa Iran AG 4. Evonik IP GmbH
Key Managerial Personnel and their relatives	Ms. Shivangi Negi, Chief Financial Officer Mr. Sarvesh Kr. Upadhyay, Company Secretary
Managing Director	Mr. Brijesh Arora ¹
Directors and their relatives	Mr. Dara Phirozeshaw Mehta Mr. Guido Johannes Christ ² Ms. Sonia Prashar ³

¹ Mr. Arora was Whole-time Director (designated as Joint Managing Director) till 3rd August 2016. On 4th August 2016, he was appointed as Managing Director.

² Mr. Christ resigned w.e.f. closing of working hours of 4th August 2016.

³ Ms. Prashar was appointed w.e.f. 4th August 2016.

Description of transaction with the related party in the normal course of business:

(Rs. in '000)

Particulars	Holding Company & Intermediate Holding Company		Fellow Subsidiary		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Transactions during the year						
Sale						
- Evonik Resource Efficiency GMBH	-	-	35,669	67,796	-	-
Commission on sales paid						
- Evonik India Private Limited	-	-	8,951	7,373	-	-
- Evonik Degussa Iran AG	-	-	1,096	105	-	-
Managerial remuneration*						
- Mr. Brijesh Arora	-	-	-	-	6,430	4,915
- Ms. Shivangi Negi	-	-	-	-	1,347	1,192
- Mr. Sarvesh Kr. Upadhyay	-	-	-	-	1,067	951
Director's Sitting Fee						
- Mr. Dara Phirozeshaw Mehta	-	-	-	-	370	411
- Mr. Guido Johannes Christ	-	-	-	-	200	300
- Ms. Sonia Prashar	-	-	-	-	250	-
SAP license, Lotus Notes and Microsoft license fees paid						
- Evonik Industries AG	4,960	4,712	-	-	-	-
Royalty						
- Evonik IP GmbH	-	-	3,788	2,633	-	-
Reimbursement of expenses received						
- Evonik India Private Limited	-	-	46	53	-	-

(Rs. in '000)

Particulars	Holding Company & Intermediate Holding Company		Fellow Subsidiary		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Training Expense						
- Evonik Industries AG	109	-	-	-	-	-
Outstanding balances:						
Loans and advances						
- Evonik Industries AG	543	447	-	-	-	-
- Evonik India Private Limited	-	-	2	-	-	-
Trade Receivables						
- Evonik Degussa Iran AG	-	-	52	52	-	-
- Evonik Resource Efficiency	-	-	35,669	67,796	-	-
Trade payables						
- Evonik India Private Limited	-	-	768	650	-	-
Provision for Royalty, SAP licence & IT support fee payable to:**						
-Evonik IP GmbH	-	-	957	735	-	-
-Evonik Industries AG	1,131	1,275	-	-	-	-
-Evonik Degussa Iran AG	-	-	1,729	633	-	-

* As the future liability for Gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to key management personnel not included above.

** The above balances have been included under the head Trade Payables in financial statements.

31. Capital and Other Commitments (Rs. in '000)

(Rs. in '000)

Particulars	2016-17	2015-16
Estimated amounts of contracts remaining to be executed on capital account and not provided for	24,217	18,541

32. (a) Contingent Liabilities

(Rs. in '000)

Particulars	2016-17	2015-16
(a) Income tax claims disputed by the Company relating to issues of applicability and determination pertaining to various assessment years.*	24,388	42,371
(b) The Company has received notice for demand of Rs. 12,500 ('000) from office of Nagar Palika, Gajraula for payment of House tax including penalty from the year 1995 to 2015. Additional liability for April 2015 to March 2017 proportionately works out to Rs. 1,250 ('000). Accordingly, till the quarter ended March 2017 total amount involved including financial penalty would be Rs. 13,750 ('000)**	13,750	13,125
(c) Notice Received from High Court vide Writ petition No. 11210 of 2014 to include name of Insilco Limited as a party in legal case by an ex-employee of acquired Company***	2,095	1,776
(d) Liability for Bonus for Financial Year 2014-15 due to retrospectively applicability of "The Payment of Bonus (Amendment) Act, 2015."****	1,584	1,584
(e) Demand notice received from Deputy Commissioner of Commercial tax, Hasanpur under Uttar Pradesh Value Added Tax 2008 and Central Sales Tax act, 1956*****	1,234	-
TOTAL	43,051	58,856

* The Company is contesting the demands and the management, including its advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the above contingent liabilities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

** The Company has received notice for demand of Rs. 12,500 ('000) from office of Nagar Palika, Gajraula for payment of House tax including penalty from the financial year 1995-1996 to financial year 2014-2015. Additional liability from April 2015 to March 2017 proportionately works out to Rs. 1,250 ('000). The Company believes that the demand notice of Nagar Palika is not tenable in law pursuant to Memorandum of Settlement (MoS) between Town Area Committee/ Nagar Panchayat, Gajraula and Gajraula Industries Association, Gajraula. Nagar Palika has contended that the waiver of tax as per MoS is not as per UP Municipal Act 1916. The Company has also obtained legal opinion on the matter. Based on legal opinion, MoS and management assessment, the Company does not anticipate any liability in this regard. Pending resolution of above dispute, demand of Rs 13,750 ('000) has been disclosed under contingent liability.

*** The Company acquired assets including land, building and machineries etc. from MTZ India Ltd (hereinafter referred as 'MTZ') in 1999. MTZ had terminated service of one employee with full and final settlement in the year 1995.

The said employee filed a complaint of unfair labour practice before labour court. The Labour Court passed the order directing payment of full back wages and service benefit from 1995 till date of his retirement. MTZ filed a revision application before Industrial Court at Thane which passed the order for payment of back wages from 1995 till 1999 i.e. the date of transfer of business to Insilco Limited. Aggrieved by the said Order, the ex-employee filed a writ petition in Bombay High Court.

**** An amendment was passed on December 31, 2015 called "The Payment of Bonus (Amendment) Act, 2015" which amended the Payment of Bonus Act, 1965. The said amendment came into force retrospectively w.e.f. from April 1, 2014.

The Company has been legally advised that various High Courts including High Court of Allahabad have already provided interim stay of payment of bonus for the year 2014-15 in case of stay application of various other companies. The Company's registered office at Gajraula is in the State of Uttar Pradesh and the High Court of Allahabad also in its order dated February 12, 2016 in the matter of Benara Udyog Limited vs. Union of India (WP.6098/2016) has issued a notice to the Attorney General of India upholding the decision of the Hon'ble High Court of Karnataka (Karnataka Employees Association vs. Union of India) regarding stay on the retrospective effect of Payment of Bonus (Amendment) Act, 2015 and issued its interim order to the effect that amendment would take effect only from financial year 2015-16.

The said external expert has also opined that the subject matter is currently disputed as unconstitutional and under Constitution of India, the decision of High Court in such writ petitions applies to the Company too. Allahabad High Court has granted stay herein and as the Company has both corporate office and plant in Uttar Pradesh. Accordingly, the Company did not recognize a provision of Rs.1,584 ('000) lacs related to financial year 2014-15 and disclosed the same as a Contingent Liability in the financial statement for the year ended 31 March 2016. On the basis of legal opinion obtained, the management believes that there is no material development in the pending adjudications and accordingly, the Company has continued to show Rs. 1,584('000) under contingent liability as on March 31, 2017.

***** The Company have received a order in March 2017 from Deputy Commissioner of Commercial Tax, Hasanpur under Uttar Pradesh Value Added Tax 2008 and Central Sales Tax act, 1956 by confirming demand for Rs. 1,234('000) with interest. The company has filed appeal against said demand order with Additional Commissioner Appeal on April 22, 2017.

(b) The Company is also under litigation for few cases as mentioned below. The Company had also received few notices which had been replied suitably and are mentioned below. In these litigations/notices, based on management's assessment, the chances of liability devolving on the Company are considered as not probable:

- (i) A notice was received from Zila Panchayat, Amroha, J.P. Nagar in October 2000 raising demand of Rs. 49,400 ('000) regarding water pollution from the Company's plant. The Company has replied to the said Notice in October 2000 and has not received any response to their reply from the Panchayat. The Company believes that the Supreme Court judgment in the case of Imtiaz Ahmed vs. Union of India & Ors. strengthens the Company's stand in the matter and confident of no liability against the said matter shall arise in future.
- (ii) A notice was received from Sub Divisional Magistrate, Dhanaura under Section 133 of the code of criminal procedure, 1973 in February 2006, on complaint of general public nearby the plant stating that the emission of gas and effluent released from our factory is causing loss to their crops, plants and vegetation. The case is currently under hearing.

- (iii) A summon was received from Civil Judge, Hasanpur in November 2006, regarding a complaint by an individual alleging damage / harm to the gram panchayat land and claim of compensation there against. The case is currently under hearing.
- (iv) Writ petition filed by an individual at Hon'ble High Court at Allahabad in September 2007 for stopping process of the Company on the ground that the Company is running factory infringing the rules and regulations of the Pollution Act and causing damage to environment by producing chemicals, dangerous gases and effluent in public localities. The matter is pending.
- (v) A notice was received from Niyat Pradhikari/Upper Ziladhikari in November 1995 and from Moradabad Development Authority in September 1997 for not taking approval from the said authority for construction of residential complex in Gajraula plant. The Company has duly replied to both the notices in November 1995 and October 1997 respectively and has not received a response from the said authorities.
- (vi) A notice was received from Tehsildar Dhanaura under Section 122-B of the U.P. Zamindari Abolition and Land Reforms Act, 1950 in May 1993 alleging illegal encroachments of Gaon Sabha land. The said land has been subsequently mutated in name of UPSIDC and thus, the Company expects the said proceedings to be dropped by the Tehsildar.
- (vii) One case is pending with Motor Accident Claims Tribunal, Meerut since March 2013 for accident with Company's vehicles, which are under progress.
- (viii) A matter is pending before West Bengal Taxation Tribunal since April 2011 where the Company's vehicle was seized by the VAT Authority due to deficiency in Way Bill under new VAT Act of West Bengal. The Company has challenged the validity of the said relevant section/ rule of the said Act and the matter is currently pending.
- (ix) A Shareholder of the company filed a case in March 2012 before Additional Chief Judicial Magistrate (ACJM), Muzaffar Nagar against the Company and MCS Limited ('MCS'), the Transfer Agent of the Company, under section 403 of the Indian Penal Code (IPC) alleging the misappropriation of his shares by the Company and MCS. The Company had filed an Application before the High Court of Allahabad for stay of criminal proceedings in the matter which was granted vide order dated 22 May, 2013. The said order of High Court has been duly taken on record by Muzaffar Nagar Court. The Shareholder has been summoned for his Reply by High Court.

33. Trade receivables include Rs. 36,897 ('000) relating to sales made and services given to foreign companies, out of which Rs 570 ('000) is due for more than 9 months. Reserve Bank of India ('RBI') master circular no. 14/2015-16 dated November 5, 2015 on export of goods and services requires that the export realisations should be completed not later than 9 months from the date of export. The amount of Rs. 517(000) out of Rs. 570 (000) could not be received due to guidelines issued by Office of Foreign Assets Control (OFAC) on Asian Clearing Union (ACU) transactions in respect of Company's export to Bangladesh. We are in the process of filing application before OFAC for claim of our receivables which has been already remitted by the customers. The management is confident of obtaining relevant permissions from the Authorized Dealer/RBI at the time of receipts of exports considering the past history and accordingly is of the opinion that there is no non-compliance in this matter.

34. The Company have been informed by the Uttar Pradesh Pollution Control Board (UPPCB) that pursuant to the order of Hon'ble National Green Tribunal (NGT) dated April 26, 2017 in the matter of 'M. C. Mehta Vs. Union of India and Others' relating to the cleaning of River Ganga, 15 industrial units of 13 Companies in Gajraula including unit of Insilco Limited, in the catchment of river Bagad which leads to river Ganga, have been ordered to be shut down. In compliance of the same, the Company had shut down its Plant at Gajraula.

The NGT issued the aforesaid order dated April 26, 2017 after the Committee appointed by NGT inspected these industrial units and reported to NGT that these industrial units are not meeting prescribed pollution norms. The NGT granted one week's time to Committee to submit their inspection report and thereafter industries were given further one week's time to file their response, where the industries were given liberty to contend as to why they should be permitted to operate, in view of their reply of the action plan that they submit before the Tribunal.

The report was uploaded on the website of Central Pollution Control Board (CPCB) on May 4, 2017 and the Company filed reply on May 5, 2017. The matter was heard on May 8, 2017, where the Company's plant was allowed to resume its operations after submission of Rs. 1,500 ('000) to Central Pollution Control Board, with inter-alia directions that the Company will put forward its case before the Joint Inspection Team and Joint Inspection Team will offer its comments and place the report before the tribunal within two weeks from May 8, 2017. The matter is expected to be heard by NGT again after two weeks from May 8, 2017.

The management has obtained legal opinion from an expert, based on which, management is of the view that it is probable that the matter shall be decided in favour of the Company. Accordingly, these financial statements have been prepared on going concern assumption and do not include any adjustments relating to the recoverability and classification of carrying amounts of assets and the amount of liabilities that might result should the Company's plant does not meet the specified norms and the Company is unable to continue as a going concern.

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

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2017. The disclosure pursuant to the said Act is as under:

(Rs. in '000)

S. No.	Particulars	2016-17	2015-16
1.	Principal amount remaining unpaid as at year end	623	4,531
2.	Interest due thereon as at year end	4	3
3.	Interest paid by the Company in term of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year.	Interest- Rs.Nil Principal- Rs. 5,900	Interest- Rs.Nil Principal- Rs. 3,069
4.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	4	3
5.	Interest accrued and remaining unpaid as at year end	4	3
6.	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	4	3

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

36. Value of imports calculated on CIF basis

(Rs. in '000)

Particulars	2016-17	2015-16
Stores and Spares	882	4,015
Capital Goods	4,164	783
Total	5,046	4,798

37. Expenditure in foreign currency (on accrual basis)

(Rs. in '000)

Particulars	2016-17	2015-16
Selling & Marketing Expenses - Export Commission	172	211
Support Charges	4,960	4,712
Royalty	3,788	2,633
Training expenses	109	-
Travelling & Conveyance - Foreign Travelling	122	-
Total	9,152	7,556

38. Value of imported and indigenous raw material, stores and spares (including booked under Repair and Maintenance) consumed and the percentage of each to the total consumption

Particulars	Percentage of Total Consumption		Rs. in ('000)	
	2016-17	2015-16	2016-17	2015-16
Raw Materials Consumed				
Imported	-	-	-	-
Indigenously obtained	100%	100%	331,397	257,698
	100%	100%	331,397	257,698

Particulars	Percentage of Total Consumption		Rs. in ('000)	
	2016-17	2015-16	2016-17	2015-16
Stores and Spares (Including booked under Repair and Maintenance)				
Imported	15%	18%	6,798	6,156
Indigenously Obtained	85%	82%	39,122	28,401
	100%	100%	45,920	34,557
Packing material				
Imported	-	-	-	-
Indigenously Obtained	100%	100%	23,453	21,178
	100%	100%	23,453	21,178

39. Earnings in foreign currency (on accrual basis)

(Rs. in '000)

Particulars	2016-17	2015-16
F.O.B. value of Exports	3,939	5,140

40. Unhedged foreign currency exposure as at the reporting date

Particulars	Foreign Currency	2016-17			2015-16		
		Exchange Rate	Amount in Foreign Currency in ('000)	Amount in Rs. ('000)	Exchange Rate	Amount in Foreign Currency in ('000)	Amount in Rs. ('000)
I. Assets							
Receivable (trade & other) (A)	USD	63.51	18	1,165	64.95	8	540
Hedges by derivative contracts (B)		-	-	-	-	-	-
Unhedged receivable(C=A-B)		-	18	1,165	64.95	8	540
II. Liabilities							
Payable (Trade and others)							
-Advance from customer	USD	66.11	5	334	-	-	-
-Export commission payable	USD	66.11	9	601	67.60	3	211
-Support services charges payable	Euro	70.89	16	1,119	76.87	17	1,275
Total (D)		-	-	2,054	-	-	1,486
Hedges by derivative contracts (E)		-	-	-	-	-	-
Unhedged payable(F=D-E)		-	-	2,054	-	-	1,486
III. Commitment							
Capital Commitment	Euro	70.89	315	22,359	-	-	-
Other Commitment		-	-	-	-	-	-
Total (G)		-	315	22,359	-	-	-
Hedges by derivative contracts (H)	Euro	70.89	309	21,926	-	-	-
Unhedged firm commitment (I=G-H)		-	6	433	-	-	-

The Company has forward currency contract with a bank for payment of purchase of machinery of EURO 309 ('000) (Previous year Nil) whereby the Company will pay purchase consideration of machinery, which will be delivered in next financial year. This transaction is nature of firm capital commitment. The loss of restatement of firm commitments up to year end amounting of Rs. 1,067(000) (Previous year-Nil) has been shown derivative liability under "Trade Payable and Other Current Liabilities" in Note 6. The effective portion of cash flow hedge in relation to firm commitment

amounting to Rs. 1,067 (000) (Previous year- Nil) has been taken to "Hedging Reserve" under Reserve and Surplus under Note 4.

The following table gives details in respect of outstanding foreign exchange forward and option contracts:

Derivatives designated as cash flow hedges:

(Rs. in '000)

Particulars	2016-17	2015-16
Derivatives designated as cash flow hedges		
Forward Contracts (In Euro)	23,717	-
Maturity profile of the forward contracts		
Not Later than One month	-	-
Later than one month and not later than three months	-	-
Later than three months and not later than one year	23,717	-

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instruments, including whether the hedging instruments is expected to offset changes in cash flow of hedged items.

41. Disclosure On Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBN*	Other Denomination note	Total
Closing Cash in Hand as on November 08, 2016	79,500	39,806	119,306
(+) Permitted receipts	-	101,745	101,745
(-) Permitted payments	-	88,244	88,244
(-) Amount deposited in Banks	79,500	-	79,500
Closing Cash in Hand as on December 30, 2016	-	53,307	53,307

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

42. As against the installed capacity of 15,000 MT (of the total of 21,000 MT installed capacity, 6,000 MT was impaired in the year 2013-14), the production during the year was 15,023 MT (previous year 12,070 MT). As per the report from an external expert, the management believes that no impairment is likely. Further, the holding company has confirmed that they will continue to fulfill their obligation as ultimate holding Company. Further, the Company has sufficient liquid funds as at the balance sheet date. Accordingly, these financial statements have been prepared on going concern assumption and do not include any adjustments relating to the recoverability and classification of carrying amounts of assets and the amount of liabilities that might result should the Company be unable to continue as a going concern.
43. The Company had received an advance of Rs.12,500 ('000) against a total contract value of Rs. 13,000 ('000) for the transfer of leasehold rights in residential flats at Patalganga for two set of properties. During the year the Company got necessary approvals from local authorities/executed necessary documents in relation to one set of properties accordingly transfer of the said flats in the name of buyer was completed and recognised income from sale of fixed assets of Rs. 1,000 ('000). The transfer of leasehold rights in second set of properties i.e. worker's flat is still subject to necessary approval from the authorities. However, the Company has executed an 'Agreement of Assignment' (which is not registered with local authority due to non-availability of required documents) for transfer of Leasehold Rights and has also given possession of the said worker's flat. Accordingly, the advance consideration for the same of Rs. 2,500 ('000) has been disclosed under head "Advance received against disposal of fixed assets" under Current Liabilities in the financial statements. The said Worker's flat were fully depreciated in earlier years and is shown under fixed assets held for sale at a nominal value.

44. The exceptional items for the year ended March 31, 2017 includes expense of INR 14,163 ('000) on account of provision for expenses incurred on coal project and carried forward as 'Capital work-in-progress'. Further, the Company is also analyzing/evaluating alternate source of energy and based on current position, there is strong view that based on feasibility of alternate options, coal project will be dropped. Therefore, keeping in view the current circumstances expenses incurred in respect of Coal project till date has been provided, which has been approved by the Company's Board of Directors in their meeting on May 16, 2017.
45. The Company is in the process of getting an evaluation done for certain transactions to determine whether the transactions with associated enterprises were undertaken at "arm's length price". The Company believes that all domestic and international transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms and is confident of there being no adjustments on completion of such evaluation/study.
46. The Company has not recognised credit against Minimum alternative tax (MAT) under the Income Tax Act, 1961 in accordance with the Guidance note on Accounting for credit available in respect of Minimum Alternative Tax under the Income Tax Act, 1961. The management believe on the basis of future projection, brought forward losses and unabsorbed depreciation available, the Company will not pay tax under the normal tax regime and will not be able to utilize the MAT credit within the period specified under the Income Tax Act, 1961 and thus the MAT credit has not been recognised in the financial statement.
47. **Previous year comparatives**
The Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm Registration No.: 301003E/E300005
Chartered Accountants

Sd/-
Per Amit Gupta
Partner
Membership No. 501396

Place : Gurgaon
Date : 16 May 2017

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

Sd/-
Dara P Mehta
Chairman/Director
DIN: 00041164

Sd/-
Shivangi Negi
Chief Financial Officer

Place : Noida
Date : 16 May 2017

Sd/-
Brijesh Arora
Managing Director
DIN: 00952523

Sd/-
Sarvesh Kr. Upadhyay
Company Secretary

FORM NO. MGT- 11
29TH ANNUAL GENERAL MEETING
PROXY FORM



[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

INSILCO LIMITED

CIN: L34102UP1988PLC010141

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

Tel: (0) 98378 23893, 98379 23893, **Fax:** (05924) 252348,

Website: www.insilcoindia.com, **Email:** Insilco@evonik.com

Name of the member(s):			
Registered address:			
E-mail ID:			
Folio No. / Client Id:		DP ID:	

I/We, being the member(s) of shares of the above named Company, hereby appoint:

- Name: Address:
 E-mail Id : Signature:.....or failing him;
- Name: Address:
 E-mail Id : Signature:.....or failing him;
- Name: Address:
 E-mail Id : Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Tuesday, the 5th day of September, 2017 at 10:00 a.m. at the Registered Office of the Company at A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula -244223, Uttar Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Nos.		Optional*	
Ordinary Business		For	Against
1.	Adoption of Balance Sheet of the Company as at 31 st March, 2017 and the Profit & Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.		
2.	Appointment of Director in place of Ms. Meng Tang (DIN: 07012101), who retires by rotation and being eligible offers herself for re-appointment.		
Special Business			
3.	Appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP, (Firm Registration No. with ICAI - 304026E/E300009) as Statutory Auditor.		

Signed this day of 2017

Signature of shareholder(s)

Signature of Proxy holder(s)

Affix
revenue
stamp**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. *This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

INSILCO LIMITED

CIN: L34102UP1988PLC010141

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

Tel: (0) 98378 23893, 98379 23893, Fax: (05924) 252348, Website: www.insilcoindia.com, Email: Insilco@evonik.com**29TH ANNUAL GENERAL MEETING****ATTENDANCE SLIP**

*DP ID No. :

*Client ID No. :

Regd. Folio No. :

No. of Shares Held :

Name of Member/Members :

Name of Proxy :

(To be filled only when a proxy attends the meeting)

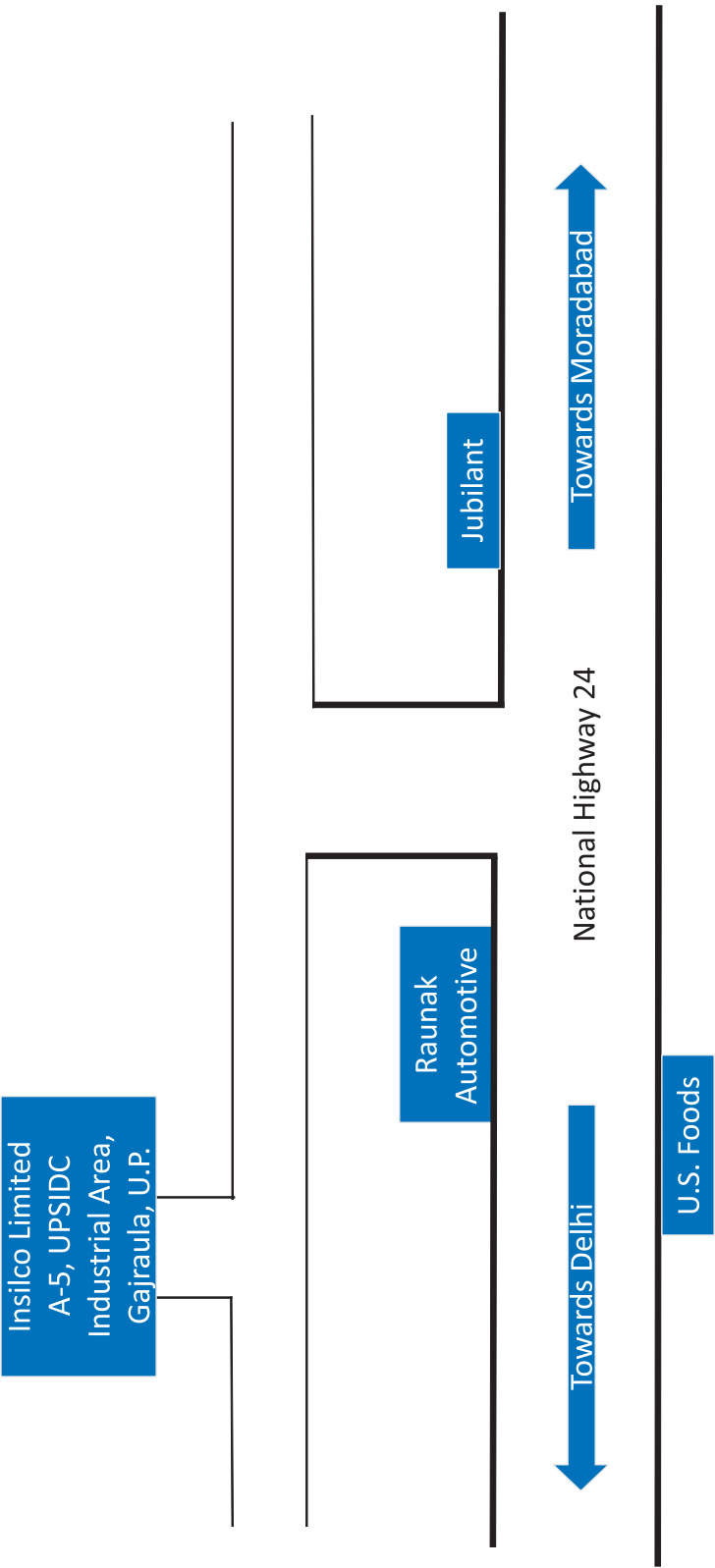
I hereby register my presence at the 29th Annual General Meeting held on 5th September 2017 at 10:00 a.m. at Registered Office of the Company situated at A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh.

*Applicable for the investors holding shares in electronic form.

.....
Member(s)/Proxy's signature**Notes:**

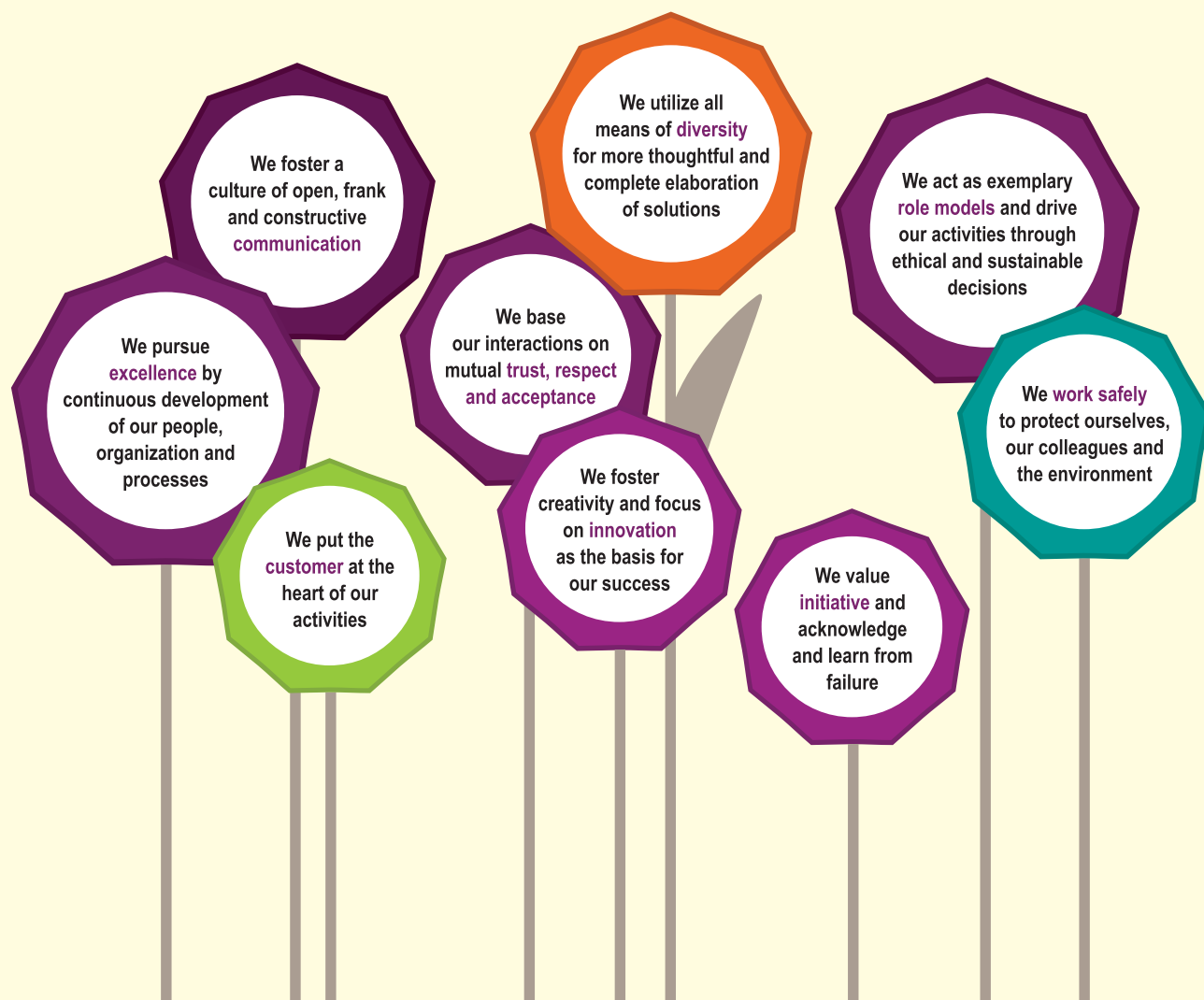
- 1) Member/Proxy attending the meeting must complete this attendance slip and hand it over at entrance.
- 2) Shareholders are requested to bring their copy of Annual Report for reference at the meeting.

Route map to reach at AGM of Insilco Limited



Note : This map is only indicative and must not be scaled

Guiding Principles of Collaboration



If undelivered please return to:

INSILCO LIMITED

“The Corenthum”

Office # 2312, 3rd Floor, 2nd Lobe, Tower A, A-41,
Sector - 62, Noida 201309, Uttar Pradesh, India