

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 33rd Annual Report together with the Audited Accounts for the Financial Year ended March 31, 2021.

1. 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 31.03.2021	Year Ended 31.03.2020
Gross Turnover	-	577.47
Less: Excise duty	-	-
Turnover (net of excise duty)	-	577.47
Other Income	47.11	53.51
Total Expenditure (excluding excise duty)	(603.50)	(705.48)
Profit/(Loss) before Depreciation & Exceptional Items	(556.39)	(74.50)
Depreciation	(20.04)	(28.28)
Profit/(Loss) for the year before exceptional items	(576.43)	(102.78)
Exceptional items	-	-
Profit/(Loss) before tax	(576.43)	(102.78)
(Provision for)/Release of Taxation	(0.76)	(1.95)
Profit/(Loss) after tax	(577.19)	(104.73)
Other comprehensive income/(loss)	5.65	(2.86)
Total comprehensive income/(loss) for the year	(571.54)	(107.59)

B. Results of Operations

As you would be aware, the plant operations of your company continues to be suspended since October 26, 2019 due to refusal of "Consent to Operate" by Uttar Pradesh Pollution Control Board (UPPCB) vide its orders dated October 22, 2019. The Company filed Fresh Applications by applications of even date dated November 21, 2019, for Consent to Operate, however, the same were dismissed by the UPPCB vide order dated February 4, 2020. The Company has challenged the aforesaid orders by separate appeals under Section 28 of the Water (Prevention & Control of Pollution) Act, 1974 and Section 31 of the Air (Prevention & Control of Pollution) Act, 1981 respectively before the Special Secretary, Department of Environment, Forest and Climate, Uttar Pradesh against the orders of UPPCB. The hearing on the matter faced delays due to nationwide lockdown and consequent restrictions announced by the Government of India and the shift in government priority to handle the COVID-19 Pandemic coupled with the non-availability of the Special Secretary, who has been deputed by the state government on an alternate COVID-19 role.

After much delay the matter was finally heard and the Special Secretary vide its order dated December 4, 2020, dismissed the appeals filed by the Company and stated that, "the Appellant has the option of presenting its proposal to the Hon'ble Tribunal through the Joint Committee,

following the recommendations of the Joint Committee in compliance with the order of the Hon'ble National Green Tribunal. The above orders have been issued in compliance with the order of the Hon'ble National Green Tribunal."

The Board of your Company after due consideration unanimously agreed not to pursue the matter any further due to reasons as mentioned under (6) below.

Despite suspension of operations of the Company, the employees were regularly paid their full salaries. However, in view of the situation, subsequent to the order of the Special Secretary, the Company offered a Voluntary Retirement Scheme in December, 2020, which not seen favourable by the employees, and thereafter offered another Voluntary Retirement Scheme in January, 2021 ("VRS 2021") to its employees to mitigate the expenses and conserve cash. The VRS 2021 was accepted by 82 employees constituting around 80% of the Company's total employee strength. The Company had retained services of a minimum number of employees for conducting the bare minimum requirement of maintaining the assets and undertaking statutory compliances, as required.

As reported last year, your company lost all its customer base subsequent to suspension of plant operations since 26th October 2019.

Sales of Precipitated Silica during the year were Nil (previous year 9,391 MT). The Production

during the year was Nil (previous year 8,314 MT).

Your Company achieved a sales turnover of Rs. Nil during the year as compared to Rs. 577 million in the previous year. The Company recorded a loss before depreciation and exceptional items of Rs. 556.39 million as compared to loss before depreciation and exceptional items of Rs. 74.50 million in the previous Financial Year. The Company had reserves of Rs. 215 Million as on 1st April 2020. The total comprehensive loss for the Financial Year 2020-21 was Rs. 572 Million.

C. Future Outlook

As reported last year, your company lost all its customer base subsequent to suspension of plant operations since 26th October 2019. The relocation of the manufacturing facility to another site is not financially viable, given the cost of relocation and intense competition in the market place.

Due to the long suspension of the operations of the Company and the no possibility of resuming normal operations in the foreseeable future, the Company had ceased to be a going concern. The unaudited financial results for the quarter ending December 31, 2020 approved by the Audit Committee and subjected to limited review by the statutory auditors of the Company had been prepared on the basis that the Company was not a going concern. The Promoter shareholders had informed the Company that they were not willing to make any further investment into the Company for this purpose, and there were no other sources of funds for the same.

The Board of your Company looked at the situation in detail and took note that there was no availability of business prospects nor any long-term financial resources that presents a financially viable alternative to carry on the business activities of the Company or to resume the operations of the Company in the foreseeable future.

Considering the limited resources of your Company and other complications associated with the current pandemic situation, it appears that the option of sale of assets (which includes land, building, plant & machinery) might not be possible to achieve in a short time. In the light of all the above, it appears that voluntary liquidation of the Company could be considered the best way forward to realise the assets of the Company in quick and efficient manner and distribute the proceeds thereof to the shareholders of the Company. The Board has therefore decided to lay the proposal for Voluntary liquidation to the members for its approval also approved the appointment of Ernst & Young LLP to provide support to Insilco Limited in the Winding Down and Voluntary Liquidation of the Company.

2. TRANSFER TO RESERVES

The Company had reserves of Rs. 215 Million as on 1st April 2020. The total comprehensive loss for the Financial Year 2020-21 was Rs. 572 Million. Therefore, the closing balance of the Reserves and Surplus as on 31st March 2021 amounted to Rs. (357) Million.

3. DIVIDEND

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

4. OPERATIONS AT PLANT

The operations of the plant of your Company at Gajraula continue to remain suspended as on the date of this report due to the reasons as mentioned.

5. STATEMENT ON RISK MANAGEMENT POLICY

The operations of the Company have been suspended with effect from October 26, 2019, on account of refusal of consent to Operate from the Uttar Pradesh Pollution Control Board and the Appeal preferred to the Appellate Authority has also been rejected. Accordingly, risks pertaining to the efficiency of plant operations, plant costs and market share are no longer applicable.

The Risk Management Policy, is available on the website of the Company at the following path: <https://www.insilcoindia.com/Pdf/Risk%20Management%20Policy.pdf>

6. (A) UPDATE ON GANGA CLEANING MATTER & REFUSAL OF CONSENT TO OPERATE BY UPPCB

As you would be aware, the plant operations of your company since October 26, 2019 due to refusal of “Consent to Operate” by Uttar Pradesh Pollution Control Board (UPPCB) vide its orders dated October 22, 2019. The Company filed Fresh Applications by applications of even date dated November 21, 2019, for Consent to Operate, however, the same were dismissed by the UPPCB vide order dated February 4, 2020. The Company has challenged the aforesaid orders by separate appeals under Section 28 of the Water (Prevention & Control of Pollution) Act, 1974 and Section 31 of the Air (Prevention & Control of Pollution) Act, 1981 respectively before the Special Secretary, Department of Environment, Forest and Climate, Uttar Pradesh against the orders of UPPCB. The hearing on the matter faced delays due to nation-wide lockdown and consequent restrictions announced by the Government of India and the shift in government priority to handle the COVID-19 Pandemic coupled with the non-availability of the Special Secretary, who has been deputed by the state government on an alternate COVID-19 role.

After much delay the matter was finally heard and the Special Secretary vide its order dated

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

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

The Company had sought legal advice and understood that:

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

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

(B) WRIT PETITION FILED BEFORE THE HON’BLE HIGH COURT OF JUDICATURE AT ALLAHABAD

The members are hereby informed that a Writ Petition being WP(C) No. 9669 of 2021 has been filed before the Hon’ble High Court of Judicature at Allahabad on March 1, 2021. The said Writ Petition has been preferred by the Company for quashing / setting aside Letter No. 489 dated July 1, 2020, Letter No. 940 dated July 24, 2020 and Letter No. 1865 dated December 22, 2020 (together called the Impugned Letters) issued by the Uttar Pradesh State Industrial Development Authority (UPSIDA / Authority) wherein UPSIDA, inter alia has imposed the following conditions for issuing the No Objection Certificate (NOC) for the purpose of establishment of a propane-

mounted installation of 2 x 72 cubic metres water capacity (LPG Project) at the Company’s factory at Gajraula:

- (i) Demand for a transfer levy of INR 8,09,00,103.70/- (Rupees Eight Crores Nine Lacs One Hundred and Three and Seventy Paiza Only) due to change in the shareholding pattern in the Company (**Transfer Levy**).
- (ii) Maintenance Charges up to May 29, 2020 amounting to INR 60,28,397.65/- (Rupees Sixty Lacs Twenty-Eight Thousand Three Hundred and Ninety-Seven and Sixty-Five Paiza Only) with interest of INR 8,895.15/- (Rupees Eight Thousand Eight Hundred and Ninety-Five and Fifteen Paiza Only) (**Maintenance Charges**).
- (iii) Lease rent up-to March 31, 2021 of INR 10,097/- (Rupees Ten Thousand and Ninety-Seven Only) plus 18% GST of INR 1,817.50/- (Rupees One-Thousand Eight Hundred and Seventeen and Fifty Paiza Only) (**Lease Rent**).

The aforesaid Letters also imposed certain new terms and conditions on the Company, which *inter alia* include:

- (i) Execution of a fresh lease deed with UPSIDC. Fresh lease deed will entail additional liability towards stamp duty & registration charges on the Company.
- (ii) Revision of lease rent for the next 60 (Sixty) years i.e. INR 6,82,223.05 per annum for the first 30 remaining years and then INR 13,64,445 for the balance 30 years.
- (iii) Restriction on the Company from transferring controlling interest for a period of 5 (Five) years from July 1, 2020.

The said Writ Petition was listed before the Hon’ble Court on March 18, 2021 wherein UPSIDA has been granted 6 (Six) weeks-time to file its counter affidavit and the next date of hearing is in the week commencing May 24, 2021.

7. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors’ state that;

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with a 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 the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) In view of matter described in note 33 of Financial statements, the Board of Directors are of the view that there are no realistic alternatives for resumption of the Company's operations and accordingly, use of the going concern basis of accounting in the preparation of the financial statements is considered inappropriate and the financial statements for the year ended March 31, 2021 have not been prepared on a going concern. The Company's management has assessed carrying value of assets and liabilities and based on current estimates adjustments have been made in the books of account year ended March 31, 2021 (refer note 36 of financial statements). A detailed explanation is given in clause no 1(C) of the Director's Report under the heading "Future Outlook".
- (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.

8. EXPLANATION OR COMMENTS BY THE BOARD ON QUALIFICATIONS, RESERVATIONS, ADVERSE REMARKS OR DISCLAIMERS MADE BY STATUTORY AUDITOR AND SECRETARIAL AUDITOR IN THEIR RESPECTIVE REPORTS

The Statutory Auditors in their reports on financial statements and internal financial controls for the financial year 2020-21 have given qualified opinion and the response of your directors with respect to it is as follows:

The matters mentioned in 3, 4 of the said Auditors Report, and in paragraph 8 and 10 of the Report on the Internal Financial Controls with reference to financial statements in Annexure A to the Auditors Report, have been explained in detail in clause no. 1(C) of the Directors' report under the heading "Future outlook", clause no. 6(A) and 6(B) of Directors' report under the heading "Update on ganga cleaning matter & refusal of consent to operate by UPPCB" and "Writ Petition Filed Before The Hon'ble High Court Of Judicature At Allahabad" respectively, clause no. 31 of Directors' report under the heading "Material orders by governing authorities", note no. 33 note no. 35 and note no. 36 of the financial statements.

There was no fraud reported by the Auditor to the Audit Committee or to the Board pursuant to Section 143(12) of the Companies Act, 2013.

The report of Secretarial Auditor does not contain any

qualifications, reservations, adverse remarks or disclaimers except an observation with regard to composition of Board caused due to the resignation of Mr. Brijesh Arora, Managing Director w.e.f. 10th December, 2020 and the vacancy caused due to his resignation was yet to be filled till closure of the financial year ending on 31.03.2021.

Your Company, at its meeting held on April 30, 2021 appointed Mr. Paremal Narayanan Vinod as Managing Director with effect from May 1, 2021. Mr. Paremal is currently on the Board of your Company and has agreed to a nil remuneration from the Company. Mr. Paremal is also the Managing Director of Evonik India Private Limited. The said appointment of Mr. Paremal is subject to the approval of the members and such other statutory approvals that may be required in this connection.

9. ANNUAL RETURN

The Annual Return as required under Section 92 and Section 134 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the Company's website at the following link: www.insilcoindia.com www.insilcoindia.com —> Investors —> Annual Return. Investors are requested to please refer the same.

Also, an extract of the Annual Return in Form MGT-9 is attached (Annexure – 1) as a part of this report.

10. NUMBER AND DATES OF MEETINGS OF THE BOARD AND ATTENDANCE OF THE DIRECTORS

The Board duly met 10 times in the Financial Year 2020-21 on 12th May 2020, 23rd June, 2020, 13th August, 2020, 15th October, 2020, 2nd November, 2020, 10th December, 2020, 22nd January, 2021, 10th February, 2021, 24th March, 2021 and 30th March, 2021. The attendance of the Directors in the Board meetings is given in clause no. 2.3(C) of Corporate Governance Report.

11. 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 Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "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 remuneration criteria for Director, Senior Management Personnel and other

employees 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 the Listing Regulations.

Pursuant to Section 178(4) of the Companies Act, 2013, the said nomination and remuneration policy of the Company is available on the website of the Company at the following link: <http://www.insilcoindia.com> → Investors → Policies → Nomination and Remuneration Policy.

12. SECRETARIAL AUDIT

As required under Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s APK & Associates, Practicing Company Secretaries having its address at 53-A, Shyam Vihar-II, Goyla Road, Najafgarh, New Delhi-110043 has conducted the Secretarial Audit of the Company for the Financial Year 2020-21. The Secretarial Audit Report issued by the said firm is attached to this report as Annexure-2.

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

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

14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year, the Company has entered into various transactions with related parties. All the related party transactions entered during the Financial Year 2020-21 were in ordinary course of the business and were on an arm's length basis. In terms of the Act, no material related party transactions were entered during the Financial Year by the Company. All related party transactions are placed before the Audit Committee for review and approval. The quarterly disclosures of transactions with related parties are made to the Audit Committee for its review. As required under the Companies Act, 2013 and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee has granted Omnibus approval for appropriate related party transactions in accordance with the criteria laid down for the purpose. The disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable on the Company for the financial year under review. Members may refer to

Note no. 25 to the financial statement which sets out related party disclosures for the financial year ended 31st March 2021.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 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: <http://www.insilcoindia.com> → Investors → Policies → Related Party Transaction Policy.

15. 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 this report.

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

A. Conservation of Energy

Since the operations of the Company have been suspended with effect from October 26, 2019, on account of refusal of Consent to Operate from the Uttar Pradesh Pollution Control Board and the Appeal preferred to the Appellate Authority has also been rejected, **all projects pertaining to energy conservation have also been suspended including the "Propane-LPG" project to reduce energy cost which was envisaged to act as an alternate to High Speed Diesel (HSD) in the manufacturing process.**

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 Operations GmbH (formerly known as Evonik Degussa GmbH), Germany.

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 the last three years

The Company has not imported any technology during the 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 earnings 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 2021	Year ended 31 st March 2020
a) Total Foreign Exchange earned	-	36,591
b) Total Foreign Exchange used	5,854	11,875

17. POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Board of Directors of the Company has laid down a policy on prevention of sexual harassment at the workplace. An Internal Complaints Committee has also been formed by the Board of Directors to look into the complaints received, if any. During the year under review, 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: <http://www.insilcoindia.com> —> Investors —> Policies —> Prevention of Sexual Harassment Policy. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

18. IMPACT of COVID-19 on Financials

Due to COVID-19 pandemic there is no major impact on the business of the Company as our plant operations had already been suspended since October 26, 2019 due to refusal of Consent to operate by UP Pollution Control Board (UPPCB). The Company does not have any outstanding debt or other financing agreements. The Company have adequate digitized systems which ensured us to have smooth internal financial reporting and control in this situation.

19. CORPORATE SOCIAL RESPONSIBILITY (CSR) OF THE COMPANY

The Company is not covered under the provisions of CSR i.e. Section 135 of the Companies Act, 2013 and accordingly not required to comply with the requirements of Section 135 of the Companies Act, 2013.

20. WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has established a "Whistle Blower Policy" for employees to report to the management instances of unethical behavior, 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 is operating effectively. This Policy outlines the procedures for reporting, handling, investigating and

deciding on the course of action to be taken in case inappropriate conduct is noticed or suspected.

This Policy also provides for adequate safeguards against victimization of director(s)/employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. During the year, the Company has not received any complaint through such mechanism. A copy of the said policy is available on the website of the Company at the following path: <http://www.insilcoindia.com> —> Investors —> Policies —> Whistle Blower Policy.

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

The Board has laid down the manner and criteria of evaluation of the 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 evaluation includes various criteria including performance, knowledge, roles and responsibilities etc.

Pursuant to the provisions of the Companies Act, 2013 the Nomination and Remuneration Committee has decided that the Board will evaluate its Committees and the Nomination and Remuneration Committee would evaluate the Board and Individual Directors. The evaluation as aforesaid has been done in the meeting of the Nomination and Remuneration Committee and in the Board Meeting. After evaluation, the performances of the Board, its committees and Individual Directors were found upto the mark and was satisfactory.

The Independent Directors had met separately without the presence of Non-Independent Directors and the members of management and discussed, inter-alia, the performance of Non-Independent Directors and the Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive Directors.

The performance evaluation of the Independent Directors have been done by the entire Board, excluding the Director being evaluated on the basis of performance and fulfilment of the independence

criteria as specified under the Companies Act, 2013 and the Listing Regulations.

22. CHANGE IN THE NATURE OF BUSINESS, IF ANY

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

23. DIRECTORS & KEY MANAGERIAL PERSONNEL (KMP)

Change in Directors and KMP

Mr. Sanjeev Taneja resigned as Director of the Company with effect from closing of working hours of 13th August, 2020 due to his other pre-occupations and expiration of his tenure as a President of India Region & Managing Director of Evonik India Private Limited. The Board placed on records its deep appreciation for the valuable services rendered to the Company by Mr. Sanjeev Taneja during his tenure as a Director of the Company.

Mr. Brijesh Arora had tendered his resignation as Managing Director and as an employee of the Company, with effect from 10th December, 2020. His resignation was accepted by the Board and he ceased to be Managing Director of the Company w.e.f. 10th December, 2020. The Board placed on record its deep appreciation for his contribution to the Company during his tenure.

To strengthen the Board, the Board on the recommendation of Nomination and Remuneration Committee, had appointed Mr. Paremal Narayanan Vinod in the category of Non-Executive Non-Independent Director of the Company with effect from 13th August 2020. Mr. Paremal has been appointed as Additional Director and holds office up to the date of ensuing Annual General Meeting of the Company and

is eligible for appointment. The resolution for his appointment as a Director liable to retire by rotation placed for approval of members. The Board of your Company, at its meeting held on 30th April 2021 appointed Mr Paremal as Managing Director of the Company with effect on 1st May 2021 for a period of 2 years. Mr Paremal will not draw a remuneration from your Company. The said appointment is subject to approval of the members and other required statutory approvals, if any.

To strengthen the Board, the Board on the recommendation of Nomination and Remuneration Committee, had appointed Mr. Gopalakrishnan Anantharaman Iyer in the category of Non-Executive Non-Independent Director of the Company with effect from 10th December 2020. Mr. Iyer has been appointed as Additional Director and holds office up to the date of ensuing Annual General Meeting of the Company and is eligible for appointment. The resolution for his appointment as a Director liable to retire by rotation is being placed for approval of members.

As required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief resume, details of experience and other Directorships / Committee memberships/ Chairmanships held by the Directors in other Companies, whose re-appointment is due in the forthcoming Annual General Meeting (AGM) of the Company, forms part of the Notice convening the 33rd AGM.

Term of Independent Directors

The date of commencement of term of Independent directors are given below along with date of approval by Shareholders:

S. No.	Name of Independent Directors	First term		Second term	
		Start date	Date of approval in AGM	Start Date	Date of approval in AGM
1	Mr. Dara Phirozeshaw Mehta	1 st Apr 2014	14 th Aug 2014	1 st Apr 2019	24 th Jul 2018
2	Ms. Sonia Prashar	4 th Aug 2016	26 th Sept 2016	Proposed in the ensuing AGM.	

Ms. Sonia Prashar was appointed as an Independent Director in the 28th Annual General Meeting held in the year 2016 to hold office for a period of 5 consecutive years effective from 4th August 2016 until 3rd August 2021. In terms of Section 149 of the Companies Act, 2013 ('Act'), an Independent Director is eligible for re-appointment on passing of a Special Resolution. Ms. Sonia Prashar, being eligible and offering herself for re-appointment, subject to meeting the eligibility conditions as on the date of appointment, is proposed to be appointed as an Independent Director for a 2nd term of 5 years with effect from 4th August 2021.

In the opinion of the Board, Ms. Sonia Prashar fulfils the conditions specified in the Act and rules made thereunder for her re-appointment as an Independent Director of the Company and is independent of the management. As per the performance evaluation conducted during her 1st term (excluding Ms. Sonia Prashar), her performance was satisfactory as an Independent Director of the Company. The Board and its allied Committees have benefitted from her relevant specialization and expertise. Details on her attendance of various Board and Committee Meetings held during the last financial year are included in the Corporate Governance Report of the Annual Report. The Board of Directors of your Company recommends the

Resolution in relation to the appointment of Ms. Sonia Prashar as an Independent Director, for the approval by the shareholders of the Company as a Special Resolution.

Directors retiring by rotation

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Meng Tang was liable to retire by rotation in the last AGM held on 13th August 2020. Being eligible, she offered herself for re-appointment and the members appointed her as a Director.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Christian Schlossnikl shall retire by rotation at the ensuing AGM of the Company and being eligible offers himself for re-appointment. The Board recommends his 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 as well as Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As required under Regulation 25 of the Listing Regulations, the Independent Directors have also confirmed that they meet the criteria of independence and are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

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, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Independent Directors are persons of integrity and possesses relevant expertise and experience.

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 and 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: <https://www.insilcoindia.com/Pdf/PDF-2020/Details%20-%20Familiarization%20Programme%20wef%201%20April%202015.pdf>

24. 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 was appointed as Managing Director w.e.f. 4th August 2016 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).

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 2020-21 was 16.44:1 .

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 2020 of Director and KMPs are given below in % alongwith the designation as on the date of approval of this report.

Name	Director/KMP	% increase (w.e.f. 1 st April 2020)
Mr. Brijesh Arora	Managing Director	5.0%
Ms. Shivangi Negi	KMP (Director Finance & Chief Financial Officer)	5.5%
Ms. Swati Surhatia *	KMP (Company Secretary)	87.3%

* Ms. Swati Surhatia joined the company on 2nd March 2020 as Company Secretary.

d. Percentage increase in the median remuneration of employees

The percentage increase in the median remuneration of employees in the Financial Year 2020-21 was 2.89%.

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

As on 31st March 2021, Company had 22 permanent employees on the rolls of the Company. Out of 22 employees, 5 have already

opted for VRS and retire from Company w.e.f. April 15, 2021.

- f. **Average percentage increase already made in the salaries of employees in the Financial Year 2020-21 in April 2020 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 2020-21
Average percentage increase in the salaries of employee other than Managerial Personnel	5.35%
Average percentage increase in salary of Managerial Personnel	5.0 %

- g. **Policy compliance affirmation**

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

25. 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 2020-21 and was in receipt of remuneration for that financial year of not less than Rs. 10,200,000/- ; or
- who was employed for a part of the Financial Year 2020-21 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 2020-21 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 2020-21

Sl. No.	Name (In Alphabetical Order)	Designation (As on 31st March 2021)
1	Anurag Srivastava	Head - Site HR & Facilities
2	Brijesh Arora	Managing Director
3	Jaipal Singh Rawat	Sr. Manager - Procurement & Commercial
4	Madan Gopal Sinha	Director (Works) & Plant Head
5	Manoj Kumar	Head - Supply Chain & IT
6	Pradeep Kumar	Head - Environment Safety Health Quality
7	Poonam Jhingan	Executive Assistant
8	Rajeev Agarwal	DGM - Finance & Accounts
9	Sandeep Kumar Gupta	Head – Engineering
10	Shivangi Negi	Director - Finance & CFO

26. AUDITORS

The members are hereby informed that Price Waterhouse & Co Chartered Accountants LLP, (Firm Registration No. with ICAI – 304026E/E300009) was appointed as Statutory Auditor for the first term of 5 years in the 29th AGM to hold the office from the conclusion of the 29th AGM until the conclusion of the 34th AGM of the Company.

The members are also hereby informed that during the previous year an appeal of PW India firms (including Price Waterhouse & Co Chartered Accountants LLP) was heard by the Securities Appellate Tribunal (SAT). The SAT, vide its final order dated September 9, 2019, decided the appeal in favour of the PW India firms (including Price Waterhouse & Co Chartered Accountants LLP) quashing the SEBI

order dated January 10, 2018 restricting the PW India firm undertaking statutory audit and other certification work for listed companies and intermediaries registered with SEBI for a period of 2 years. The SAT has also quashed SEBI Order directing listed companies and intermediaries not to engage PW India firms as auditors. Subsequently, SEBI has filed an appeal to the Supreme Court of India against the order of SAT. The appeal is still pending for disposal, however, the Hon'ble Supreme Court of India vide its interim order dated November 18, 2019 has limited stayed some observations made in the SAT order as to powers and jurisdiction of SEBI.

Based on legal opinion received by the Statutory Auditor, there has been no stay on the operation of the SAT order in totality and there is no restraint order presently on Price Waterhouse firms (including Price

Waterhouse & Co Chartered Accountants LLP), which restrains them from carrying out audit of listed companies. The Board of Insilco is of the view that Price Waterhouse & Co Chartered Accountants LLP will be able to serve as Statutory Auditor of Insilco Limited for the year ending 31st March 2022 as Hon'ble Supreme Court of India will be under obligation to protect interest of the companies for whom PW firms are already acting as Statutory Auditor as per the well-established principles of law.

27. COST AUDITOR/MAINTENANCE OF COST RECORDS

Maintenance of Cost Records for the Financial Year 2020-21

Pursuant to provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) thereto or re-enactment/ amendment thereof, for the time being in force) and any other applicable provision, the Company is required to maintain cost records basis a turnover criteria in the previous year. However, the operations of the company stand suspended since October 26, 2019 due to refusal of "Consent to Operate" by Uttar Pradesh Pollution Control Board. Accordingly, the production and sales turnover was NIL during the year.

The Board has appointed M/s. Ajay Ahuja and Associates, Cost Accountant (Registration No. 101142), for maintenance of Cost Records of the

products of the Company for the Financial Year ended 31st March 2021. 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 : cmajayahuja@gmail.com, ajayahujaassociates@gmail.com
- Mobile : +91 9810326644

Maintenance of Cost Records for the Financial Year 2019-20

The Company was required to maintain cost records for the Financial Year 2019-20. The Board had appointed M/s. Ajay Ahuja and Associates, Cost Accountant (Registration No. 101142) for maintenance of Cost Records of the products of the Company for the Financial Year ended 31st March 2020. The report/ certificate of M/s. Ajay Ahuja and Associates, was placed before the Board in its meeting dated 13th August, 2020.

28. 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 2021		
S. No.	Name of the Director	Designation in Audit Committee
1	Mr. Dara Phirozeshaw Mehta	Chairman
2	Ms. Sonia Prashar	Member
3	Mr. Vinod Paremal	Member

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

29. 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.

30. DEPOSITS

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

31. 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 except as stated in Point No. 6 of this report.

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

The Company has laid down proper and adequate internal financial control for ensuring efficient and effective conduct of business, safeguarding of its assets and prevention and detection of fraud and errors with respect to internal financial statement. The same is explained in management and discussions and analysis report under the heading "Internal Control System and their adequacy".

33. 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.

34. 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 with the conditions of Corporate Governance as per provisions of Listing Regulations are attached as **Annexure - 3 and 3.3** 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 – 3.1**.
- iii. Certificate from Managing Director and Chief Financial Officer regarding correctness of the financial statements presented to the Board is attached as **Annexure – 3.2**.

35. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to the provisions of the Listing Regulations, a Management Discussions and Analysis Report is enclosed as **Annexure - 4** forming part of Annual Report.

36. COMPLIANCE OF SECRETARIAL STANDARDS

The Company is in compliance with the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

37. DISCLOSURE BY SENIOR MANAGEMENT OF CONFLICT OF INTEREST, IF ANY

Pursuant to the provisions of regulation 26(5) of the Listing Regulations, the Senior Management of the

Company have made a disclosure to the Board of Director that they have no personal interest in relation to all material, financial and commercial transactions that may have a potential conflict with the interest of the Company at large.

38. INDUSTRIAL RELATIONS

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

39. 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, 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 Operations GmbH, Germany for continuously providing excellent management, technical and marketing support.

For & on behalf of the Board of Insilco Limited

Sd/-
Sonia Prashar
Director
DIN : 06477222

Place: New Delhi
Date : 31st May, 2021

Sd/-
Vinod Paremal
Managing Director
DIN : 08803466

Place: Mumbai
Date : 31st May, 2021