

Annexure – 4

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Overall Review**

The plant operations were suspended from 26th October 2019 onwards after refusal of renewal of Consent to operate by UPPCB. Accordingly, during the year there were no production and sales.

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.

Discussion on financial performance with respect to operational performance

The Board of Directors are of the view that the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate and therefore, the financial statements for the year ended March 31, 2021 have not been prepared on a going concern basis. The Company management has assessed carrying value of assets and liabilities and based on current estimates, certain adjustments have been made in the books of account during the year ended March 31, 2021.

A. Financial Position**1. Non-Current Assets:****(i) Property, Plant and Equipment (PPE) & Other Intangible Assets**

Impairment loss to the carrying values of Property, Plant and Equipment's (PPE) aggregating to Rs. 142.44 Million has been recognized in the books of account based on valuation report of an external independent valuer.

(ii) Capital work-in-progress

The capital work-in-progress comprises of expenditure towards the Propane LPG Project at Gajraula plant, written off during the year.

(iii) Right-of-use assets

Pursuant to adoption of Ind AS 116, leased assets are presented as a separate line item in the Balance Sheet. Accordingly, leasehold land has been recognized as Right-of-use assets. Right of use assets relating to leasehold land have been carried at cost as no loss is expected based on valuation report of an external independent valuer.

(iv) Investment properties

As per requirement of IND AS-40, freehold land has been classified as investment property. The

carrying amount of investment property is Rs. 0.10 Million and fair value as on March 31, 2021 is Rs. 1.6 Million.

(v) Financial Assets

Loans and other financial assets amount to Rs. 7.34 Million as of March 31, 2021 as compared to Rs. 8.60 Million as on March 31, 2020. It mainly comprises of Rs. 7.12 Million towards security deposit.

(vi) Other Non-Current Assets

Other non-current assets amounts to Rs. 11.32 Million as on March 31, 2021 as compared to Rs. 0.45 Million as on March 31, 2020. It includes balance with government authorities and deferred employee cost.

(vii) Income Tax Assets (Net)

It represents advance income taxes paid net of provisions.

2. Current Assets**(i) Inventories**

Inventories amount to Rs. 4.96 Million as on March 31, 2021 as compared to Rs. 26.70 Million as on March 31, 2020. Inventory consists of only stores and spares inventory. Further, write down adjustment to the carrying values of stores and spares aggregating to Rs. 12.99 Million has been recognized in the books of account based on valuation report of an external independent valuer.

(ii) Financial Assets**Investments**

As on March 31, 2021 there are no investments in Mutual Funds.

Trade Receivables

There are no trade receivables as on March 31, 2021.

Cash and Cash Equivalents and Other Bank Balances

As at March 31, 2021, the Company had a Cash and Cash Equivalents and Other Bank Balances of Rs. 270.50 Million. This represents 73% of total assets.

Loan and Other Financial Assets

Loan and Other Financial Assets amount to Rs. 6.02 Million as on March 31, 2021 as compared to Rs. 10.65 Million as on March 31, 2020. It includes Rs. 5.35 Million towards Interest accrued on fixed deposits.

(iii) Other Current Assets

Other current assets amount to Rs 3.65 Million as compared to Rs. 19.45 Million as on March 31, 2020.

3. Equity 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, 2021.

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

4. Other equity

Reserves and Surplus

The balance retained in the Profit & Loss Account as on March 31, 2021 is Rs. (356.91) Million as compared to Rs. 214.63 Million as on March 31, 2020. The book value per share at the end of the year is Rs. 4.31 as compared to Rs.13.42 at the end of previous year.

5. Non-Current Liabilities

Financial Liabilities

(i) Lease Liabilities

Lease liabilities as at March 31, 2021 is Rs. 0.09 Million. This includes leasehold land of Gajraula.

Employee benefit obligations

Employee benefit obligations as at the year-end are Rs. 1.75 Million as compared to Rs. 1.02 Million as on March 31, 2020. This represents liabilities towards payment of retention bonus and exgratia.

Deferred Tax Liabilities

Deferred tax liabilities as at March 31, 2021 is Nil.

6. Current Liabilities

The Company owes an amount of Rs. 99.46 Million as compared to Rs. 43.35 Million as on March 31, 2020. This represents 16.48% of total expenditure for the year ended March 31, 2021 as compared to 6.15% of previous year. These liabilities include the following:

Particulars	As of March 31, 2021 (Rs. in Million)
Lease liabilities	0.003
Trade Payables	8.86
Other Financial Liabilities	
Employee related liabilities	3.17
Liability towards employees voluntary retirement scheme	22.94
Security deposits from Vendors	0.09
Employee benefit obligations	
Compensated absences	2.88
Retention bonus/exgratia	1.68
Gratuity	0.83
Provisions	35.34
Other Current Liabilities:	
Advances from customers	0.04
Statutory dues	23.63
Total	99.46

B. Results of Operations

1. Turnover

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

(Rs. in Million)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Revenue from Operations	Nil	577

2. Net Profit/Loss After Tax

The total comprehensive loss for the year ended March 31, 2021 is Rs. 571.54 Million as compared to loss of Rs. 107.59 Million in previous year.

3. Earnings Per Share

The basic EPS during the year is Rs. (9.20) per share as against Rs. (1.67) per share in the previous year.

4. Employee Benefits Expense

The employees' remuneration and benefits for the year ended March 31, 2021 are Rs. 259.18 Million as compared to Rs. 86.35 Million for the year ended March 31, 2020. This includes voluntary retirement scheme benefit of Rs. 167.34 Million and Rs. 13.52 Million for retention bonus/exgratia.

5. Depreciation and impairment

There has been provided a sum of Rs. 20.04 Million towards depreciation for the year ended March 31,

2021. Further, impairment provision on Property, Plant and Equipment and Intangible assets of Rs. 142.44 Million has been created.

6. Other Expenses

Other expenses for the year ended March 31, 2021 are Rs. 195.47 Million as compared to Rs. 323.30 Million for the year ended March 31, 2020. The other expenses includes power and fuel, loss allowance on stores and spare parts, waste disposal, Transfer Levy etc.

FINANCIAL DATA FOR THE YEAR ENDED MARCH 31, 2021

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

Description	March 2021	March 2020	March 2019	March 2018	March 2017
Financial Performance					
Sales	-	577.47	951.47	888.04	957.85
Less: Excise duty	-	-	-	(22.17)	(91.43)
Turnover (net of excise duty)	-	577.47	951.47	865.87	866.42
(Loss)/Profit before Interest, Investment Income, Depreciation, Exceptional Items and Tax	(581.61)	(122.19)	(70.89)	(14.49)	14.84
Other Income					
i) Income from Interest & Investment	31.63	47.81	37.61	34.25	62.90
ii) Other income (other than income from interest and Investment)	15.48	5.70	2.87	5.52	4.00
Interest Expenses	(6.41)	(0.12)	(3.24)	(0.18)	(0.10)
Depreciation and Amortization	(20.04)	(28.28)	(24.64)	(19.16)	(17.17)
Exceptional Items	-	-	-	-	-
(Loss)/Profit Before tax	(576.43)	(102.78)	(61.17)	0.42	56.31
Taxation charge / (Release)	0.76	1.95	(0.77)	(3.22)	7.24
(Loss)/Profit after Tax	(577.19)	(104.73)	(60.41)	3.64	49.07
Other comprehensive income	5.65	(2.86)	(2.41)	1.65	(2.63)
Total comprehensive income for the year	(571.54)	(107.59)	(62.82)	5.29	46.44
Balance Sheet					
Share Capital	627.15	627.15	627.15	627.15	627.15
Reserves and Surpluses (including other reserves)	(356.91)	214.63	322.22	385.03	379.33
Net Worth	270.24	841.78	949.37	1012.18	1006.48
Non-Current Liabilities	1.85	4.71	1.09	1.67	1.54
Non-Current Assets	86.41	248.10	258.75	228.24	201.31
Net Current Assets	185.68	598.40	691.71	785.61	806.70
Total Assets	371.55	889.85	1050.53	1097.65	1069.17

Description	March 2021	March 2020	March 2019	March 2018	March 2017
Per Share Data					
Basic EPS (Rs.)	(9.20)	(1.64)	(0.96)	0.06	0.78
Book Value per share (Rs.)	4.31	13.42	15.14	16.14	16.05
Other Information					
Number of Shareholders	37151	37595	38124	39360	40521

RATIO ANALYSIS FOR THE YEAR ENDED MARCH 31, 2021

Description	March 2021	March 2020	March 2019	March 2018	March 2017
Ratios-Financial Performance					
Gross Profit/ Total Sales [%]	-	16%	18%	23%	22%
Profit/(Loss) Before Interest, Investment Income, Depreciation, Exceptional Item & Tax/ Total Sales [%]	-	-21%	-7%	-2%	2%
Profit/(Loss) Before Interest, Investment Income, Depreciation & Tax/ Total Sales [%]	-	-21%	-7%	-2%	2%
Ratios-Balance Sheet					
Debt Equity Ratio (Long Term Debt : Equity)	-	-	-	-	-
Current Ratio	2.87	14.80	7.91	10.37	14.19



For Insilco Limited

Sd/-

Shivangi Negi

Director-Finance and Chief Financial Officer