Notes to financial statements for the year ended March 31, 2021

Company Background

Insilco Limited (the 'Company') is a subsidiary of Evonik Operations GmbH, Germany (formerly known as Evonik Degussa GmbH). The Company is domiciled in India and its registered office is located at A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula, Uttar Pradesh. 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. Also refer Note 33.

The financial statements were approved and authorized for issue with a resolution of the Company's Board of Directors on May 31, 2021.

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015, as amended] and other relevant provisions of the Act.

In view of matter described in note 33, 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 which are described in Note 36.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that is measured at fair value;
- Defined benefit plans – plan assets measured at fair value

(iii) New and amended standards adopted by the Company

The Company has the following standards and amendments for the first time for their annual reporting period commencing April 1, 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle, or
- Held primarily for the purpose of trading, or
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle, or

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- It is held primarily for the purpose of trading, or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Operating cycle is the time between acquisition of assets for processing and their realization in cash and cash equivalents. The Company has determined its operating cycle as twelve months.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer note 31.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Indian Rupee (INR), which is Insilco Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the statement of profit and loss. They are deferred in equity if they relate to qualifying cash flow hedges.

All foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

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Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Transaction differences on assets and liabilities carried at fair value are reported as part of the fair value again or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

(e) Revenue recognition

Sale of goods

Timing of recognition: The Company manufactures and sells precipitated silica. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Measurement of revenue: Revenue from sales is based on the price specified in the sales contracts, net of estimated volume discounts, rebates, cash discounts, and value added taxes, Goods and Service Tax and returns at the time of sale. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days, which is consistent with market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of services

The Company provides freight services for export transactions after transferring the control of goods. Revenue from providing services is recognized over the period of services rendered.

(f) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are

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deferred and recognized in the statement of profit and loss over the period necessary to match them with costs that they are intended to compensate and presented with other income.

(g) Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and loss) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the statement of profit and loss, except to the extent that it related to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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(h) Leases

As a lessee

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a built-up approach that starts with a risk-free interest rate adjusted for credit risk for lease held by the Company, which does not have recent third party financing, and

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- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated short-term leases of equipment and all leases of low value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(i) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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.

Impairment losses 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.

Refer Note 36

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(k) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

(l) Inventories

Raw materials, stores and spares and 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, stores and spares and packing materials 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 is determined on a weighted average basis.

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Cost of inventories include all other costs incurred in bringing inventories to their present location and condition. Cost of purchased inventory are determined after deducting rebates and discounts.

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.

(m) Non-current assets held for sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increase in fair value less costs to sell of an asset asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(n) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sale the financial asset.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a

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debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the statement of profit and loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the statement of profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the statement of profit and loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gain and losses are presented in other gains and losses and impairment expenses in other expenses.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in the statement of profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. Dividends from such investments are recognized in the statement of profit and loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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(iv) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 30 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

For recognition of impairment loss on other financial assets, the Company assesses whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. For assessing increase in credit risk and impairment loss, the Company assesses the credit risk characteristics on instrument-by-instrument basis. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL. The amount of expected credit loss (or reversal) for the period is recognized as expense/income in the statement of profit and loss.

(v) Derecognition of financial assets

A financial asset is derecognized only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where an asset has been transferred, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

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(vi) Income recognition

Interest is recognized using the effective interest rate (EIR) method, as income for the period in which it occurs. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

(o) Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company designates their derivatives as hedges of foreign exchange risk associated with the cash flows of firm commitments (cash flow hedges).

The Company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit and loss, within other gains/(losses).

The entity designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedging reserve within equity.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss of hedging that were reported in equity are immediately reclassified to the statement of profit and loss within other gains/(losses).

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the statement of profit and loss at the time of the hedge relationship rebalancing.

(ii) Embedded derivatives

Derivatives embedded in a host contact that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

Embedded foreign currency derivatives

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies.

- the functional currency of any substantial party to that contract,

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- the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world.
- a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place(i.e. relatively liquid and stable currency)

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss.

(p) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(q) Property, plant and equipment (PPE)

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Company had elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, which are as follows:

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	7.5-15	7.5-15
- Continuous process	25	25

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Particulars	Useful life as estimated by management (Years)	Useful life as per Schedule II (Years)
- 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.

The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within other gains/losses).

Refer Notes 3a and 36

(r) Investment properties

On transition to Ind AS, the Company had elected to continue with the carrying value of all of its investment properties recognized as at April 1, 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost of investment properties.

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowings costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized. Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers to or from investment property is made when and only when there is a change in use.

(s) Intangible assets

On transition to Ind AS, the Company had elected to continue with the carrying value of all of intangible assets recognized as at April 1, 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost of intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Software (not being an integral part of the related hardware) acquired for internal use, is stated at cost of acquisition less accumulated amortization and impairment losses if any.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 recognised in the statement of profit and loss when the asset is derecognised.

Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the straight-line method over the following period:

Computer software : 3 years

Refer Notes 5 and 36

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(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(u) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit and loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(v) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

(w) Provisions and contingent liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent Liabilities: Contingent liabilities are disclosed when:

- there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or
- a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets: Contingent assets are disclosed when the inflow of economic benefit is probable.

(x) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Normally at initial recognition, the transaction price is the best evidence of fair value.

However, when the Company determines that transaction price does not represent the fair value, it uses inter-alia valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This categorization is based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(y) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefits obligations

The liabilities for earned leave, sick leave and long term service award are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- Defined benefit plans such as gratuity
- Defined contribution plans such as provident fund, superannuation and national pension scheme

Defined benefit plans

The liability or asset recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service cost.

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, in the statement of profit and loss.

- 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

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to the fund are recognized as expenditure in the statement of profit and loss. 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 postretirement benefit to employees. This is an optional scheme available to employees. The Company has no further obligations under the plan beyond its monthly contributions, which is recognized as expenditure when made, in the statement of profit and loss.

- Bonus Plan

  The Company recognizes a liability and an expense for bonuses. The Company recognize a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Also refer Note 13.

- Termination benefits

  Termination benefits are payable when employment is terminated by the company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognize termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits: and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

(z) Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

(aa) Earnings per share

(i) Basic earnings per share

Basic earnings per share is 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.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(bb) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand as per the requirement of Schedule III, unless otherwise stated.

Note 2: Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The areas involving critical estimates and judgements are:

- Estimation of useful life and residual values of property, plant and equipment – Note 3(a)

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- Classification of property, plant and equipment as non-current assets – Note 3(a)
- Impairment of property, plant and equipment and intangible assets– Notes 3(a), 5 and 36
- Determination of lease term – Note 3(b)
- Impairment of Right of Use asset – Notes 3(b), 35 and 36
- Fair value of investment properties – Note 4
- Fair value of investment in mutual funds – Note 9(a)
- Impairment of trade receivables – Note 9(b)
- Estimation of defined benefit obligation - Note 13(a) and 13(b)
- Estimation of provision for waste disposal – Note 12(d)
- Provision for litigations and contingent liabilities – Notes 12 (d) and 26
- Recognition of deferred tax assets and liabilities and tax expense – Notes 14 and 24
- Preparation of financial statements not on a going concern – Note 33 and 36
- Estimation of amount payable to employees under retention agreement – Note 13
- Recognition of transfer levy charges and interest thereon – Note 35

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

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Notes to financial statements for the year ended March 31, 2021

Note 3(a) : Property, Plant and Equipment

(All amounts “Rs. ‘000” unless otherwise stated)

Particulars	Lease Hold Land	Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Electrical Installation & Fittings (including AC)	Computers	Total	Capital work in progress
Year ended 31 March, 2020										
Gross carrying amount										
Opening gross carrying amount	12,776	75,633	168,105	1,810	5,724	3,652	6,363	4,930	278,993	9,604
Adjustment for change in accounting policy refer note 34	12,776	-	-	-	-	-	-	-	12,776	-
Restated gross carrying amount	-	75,633	168,105	1,810	5,724	3,652	6,363	4,930	266,217	9,604
Additions	-	10,898	16,084	-	-	397	530	711	28,620	22,603
Disposals	-	192	1,755	-	720	276	205	491	3,639	-
Transfer to PPE	-	-	-	-	-	-	-	-	-	27,036
Closing gross carrying amount	-	86,339	182,434	1,810	5,004	3,773	6,688	5,150	291,198	5,171
Accumulated depreciation and impairment										
Opening accumulated depreciation and impairment	588	14,552	34,897	920	3,050	1,436	535	2,281	58,259	-
Adjustment for change in accounting policy refer note 34	588	-	-	-	-	-	-	-	588	-
Restated accumulated depreciation	-	14,552	34,897	920	3,050	1,436	535	2,281	57,671	-
Depreciation charge for the year	-	5,515	18,017	306	1,013	683	287	1,210	27,031	-
Disposals	-	175	924	-	521	166	100	110	1,996	-
Closing accumulated depreciation and impairment	-	19,892	51,990	1,226	3,542	1,953	722	3,381	82,706	-
Net carrying amount	-	66,447	130,444	584	1,462	1,820	5,966	1,769	208,492	5,171
Year ended 31 March 2021										
Gross carrying amount										
Opening gross carrying amount	-	86,339	182,434	1,810	5,004	3,773	6,688	5,150	291,198	5,171
Additions	-	-	348	-	-	146	-	-	494	-
Disposals	-	-	3,311	77	-	487	260	51	4,186	472
Transfer to PPE	-	-	-	-	-	-	-	-	-	316
Transfer to Inventory	-	-	-	-	-	-	-	-	-	1,250
Write off during the year	-	-	-	-	-	-	-	-	-	3,133
Closing gross carrying amount	-	86,339	179,471	1,733	5,004	3,432	6,428	5,099	287,506	-
Accumulated depreciation and impairment										
Opening accumulated depreciation and impairment	-	19,892	51,990	1,226	3,542	1,953	722	3,381	82,706	-
Depreciation charge for the year	-	4,205	12,810	171	551	480	220	610	19,047	-
Disposals	-	-	2,865	46	-	349	150	47	3,457	-
Impairment loss during the year	-	52,290	84,480	224	389	1,172	2,798	967	142,320	-
Closing accumulated depreciation and impairment	-	76,387	146,415	1,575	4,482	3,256	3,590	4,911	240,616	-
Net carrying amount	-	9,952	33,056	158	522	176	2,838	188	46,890	-

(i) **Estimation of useful life and residual values of property, plant and equipment, Classification and Impairment of property, plant and equipment**

In view of shut down of Company’s operations and proposed voluntary liquidation of the Company as described in Note 33 and 36, the Company’s management has estimated that the Property plant and equipment do not have value from its use in the Company’s operations. Accordingly, Management has estimated the recoverable amount of assets by assessing the fair value less cost of disposal. The Company engaged an external valuation expert to evaluate recoverable amount of the Property, plant and equipment and considered recoverable amount of assets based on valuation as of December 31, 2020 as per the valuation report dated February 8, 2021. The carrying amount of the Property, plant and equipment of the Company has been reduced to its recoverable amount by recognition of an impairment loss aggregating to Rs.142,320 (‘000). The Company’s management obtained a further valuation report as of March 31, 2021 from the external valuation expert which did not indicate any significant deviation from its earlier estimate. The valuer in its report considered the liquidation value approach appropriate in the circumstances to estimate the recoverable amount of the assets The basis for liquidation value approach considers the amount that would be realized when an asset or groups of assets are sold on a piecemeal basis that is without consideration of benefits (or detriments) associated with a going-concern business. A forced sale basis transaction with a shortened marketing period is considered for this valuation where the tangible assets are sold quickly, often for an extremely low percentage of their original cost. The aggregated Impairment loss (including on intangible assets) recognised has been disclosed as a separate line item in statement of profit and loss, refer note 21(b). The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. Refer note 36 for assumptions used in estimating recoverable amounts of the Property, plant and equipment. The carrying value of assets have been reduced to its recoverable amounts and residual value of assets are equal to or greater than the asset’s revised carrying values after impairment loss based on the Company’s management estimate. Accordingly, in view of the Company’s management depreciation on the assets is not expected to be material and hence no depreciation has been provided for subsequent to recognision of impairment loss. However, any further impairment loss that may arise on account of change in estimates will be recognised based on evaluation of recoverable amounts of assets on a periodic basis.

Further, pending necessary approvals of the proposed voluntary liquidation of the Company by the shareholders of the Company, the Company management has not yet commenced process of actively marketing for sale at a price that is reasonable in relation to its current fair value and the sale is not expected to be completed within one year from the date of the Balance sheet. Accordingly, the Property, plant and equipments are continued to be classified as non-current at this stage.

(ii) **Contractual obligation**

Refer to Note 27 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) **Capital work-in-progress**

Capital work-in-progress mainly comprised of expenditure towards the Propane LPG Project at Gajraula Plant as at March 31, 2020. [Also refer note 26 (d)],

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(All amounts "Rs. in '000" unless otherwise stated)

Note 3(b) : Leases

This note provides information for leases where the Company is a lessee. The Company had taken land on lease from Uttar Pradesh State Industrial Development Corporation(UPSIDC) for a period of 90 years. The office lease taken from November 1, 2019 for a period of 3 years has been terminated during the year.

(i) Amount recognised in balance sheet

Right-of-use assets

	Lease hold land	Building	Total
Year ended 31 March 2020			
Gross carrying amount			
Opening gross carrying amount *	12,776	-	12,776
Additions	-	2,908	2,908
Disposals	-	-	-
Closing gross carrying amount	**12,776**	**2,908**	**15,684**
Accumulated depreciation			
Opening accumulated depreciation*	588	-	588
Depreciation charge for the year	183	403	586
Disposals	-	-	-
Closing accumulated depreciation	**771**	**403**	**1,174**
Net carrying amount	**12,005**	**2,505**	**14,510**
Year ended 31 March 2021			
Gross carrying amount			
Opening gross carrying amount	12,776	2,908	15,684
Additions	-	-	-
Disposal	-	2,908	2,908
Closing gross carrying amount	**12,776**	**-**	**12,776**
Accumulated amortisation			
Opening accumulated amortisation	771	403	1,174
Amortisation charge for the year	183	624	807
Disposals	-	1,027	1,027
Closing accumulated depreciation	**954**	**-**	**954**
Net carrying amount	**11,822**	**-**	**11,822**

* Adjustment for change in accounting policy during the previous year refer note 34

	Notes	31-Mar-21	31-Mar-20
Lease Liabilities			
Current		3	912
Non Current		94	1740
Total	**12 (a)**	**97**	**2,652**

* Till March 31, 2019, the Company only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under Ind AS 17, Leases. The assets were presented in property, plant and equipment and the liabilities as part of Company's borrowings. For adjustments recognised on adoption of Ind AS 116 on April 1, 2019, please refer to note 34.

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(ii) Amount recognised in the statement of profit and loss

	Notes	31-Mar-21	31-Mar-20
Depreciation charge of lease			
Land		183	183
Building		624	403
Total	**21 (a)**	**807**	**586**

	Notes	31-Mar-21	31-Mar-20
Interest expenses (included in finance cost)			
Land		3	3
Building		13	121
Total	**23**	**16**	**124**

The total cash outflow for the leases for the year ended March 31, 2021 was Rs. 589 (March 31, 2020 Rs. 472).

Residual value guarantees

No residual guarantees have been provided in respect of any lease.

Critical judgements in evaluating impairment loss on Right of use assets

Right of use assets (ROU) relating to leasehold land have been carried at cost as no loss is expected based on valuation report of an external independent valuer. Refer note 36(b).

Note 4 : Investment properties

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Particulars	31-Mar-21	31-Mar-20
Gross carrying amount		
Opening gross carrying amount	104	104
Closing gross carrying amount	104	104
Accumulated depreciation		
Opening accumulated depreciation	-	-
Closing accumulated depreciation	-	-
Net carrying amount	**104**	**104**

(i) Amounts recognised in the statement of profit or loss for investment properties

The Company has not recognised any amount related to investment properties in the Statement of Profit and Loss for the year ended March 31, 2021 and the year ended March 31, 2020.

(ii) Fair Value

	31-Mar-21	31-Mar-20
Investment property	1,604	2,083

Estimation of Fair value :

The Company obtains independent valuation for its investment property at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence

The fair values of investment properties have been determined based on valuation report of an external independent valuer.

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Sales Comparison Method/ Market Survey Method under Market Approach is used to estimate the market value of the land. The prevailing market rates for similar size plots in the same locality is considered after enquiries being done from local property dealers and real estate agents. The rates adopted are based on the geographical location, land size & availability of similar size of land in that vicinity. Further, due consideration has also been given to the various factors, e.g. market rates/ marketability of the Land in the vicinity, recent property deals/transactions, negotiation skills of the buyer/seller, demand and supply of properties, locality, neighborhood, civic amenities, its connectivity to major centers etc., shape, size, prominence, plot area and topography etc., Need/ Urgency of the seller to sell the said property, subject to suitability, accuracy, requirement and professional judgement.

In view of shut down of Company's operations and proposed voluntary liquidation of the Companyy as described in Note 33 and 36, the liquidation values of the assets have been considered while making the fair value estimates, applying liquidation discount as per market norms and expertise. Valuation assumes that the Company will not be a going concern. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

Note 5 : Other intangible assets

Particulars	Software	Total
Year ended 31 March 2020		
Gross carrying amount		
Opening gross carrying amount	2,131	2,131
Additions	-	-
Disposal	40	40
Closing gross carrying amount	2,091	2,091
Accumulated amortisation and impairment		
Opening accumulated amortisation and impairment	1,142	1,142
Amortisation charge for the year	661	661
Disposals	13	13
Closing accumulated depreciation and impairment	1,790	1,790
Net carrying amount	**301**	**301**
Year ended 31 March 2021		
Gross carrying amount		
Opening gross carrying amount	2,091	2,091
Additions	-	-
Disposal	-	-
Closing gross carrying amount	2,091	2,091
Accumulated amortisation and impairment		
Opening accumulated amortisation and impairment	1,790	1,790
Amortisation charge for the year	185	185
Disposals	-	
Impairment loss	116	116
Closing accumulated depreciation and impairment	2,091	2,091
Net carrying amount	**-**	**-**

The Company's management has estimated that the intangible assets do not have value from its use in the Company's operations. The carrying amount of the intangible assets has been reduced to its recoverable amount, i.e. Nil by recognition of an impairment loss aggegating to Rs.116 ('000). This loss has been disclosed in note 21(b) in the statement of profit and loss.

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Note 6 : Financial assets

Note 6(a) : Loans

Particulars	31-Mar-21		31-Mar-20	
	Current	Non-current	Current	Non-current
Loan to employees	195	227	1,094	436
Security deposits	15	7,263	402	7,264
Less: Loss allowance	-	(147)	-	(103)
Total loans	**210**	**7,343**	**1,496**	**7,597**

Break-up of security details

Particulars	31-Mar-21	31-Mar-20
Loans considered good - unsecured	7,700	9,196
Total	**7,700**	**9,196**
Less: Loss allowance	(147)	(103)
Total loans	**7,553**	**9,093**

Note 6(b) : Other financial assets

Particulars	31-Mar-21		31-Mar-20	
	Current	Non-current	Current	Non-current
Long term deposit with bank with original maturity period more than 12 months *	-	-	-	1,000
Interest accrued on fixed deposits with banks	5,350	-	8,529	-
Interest accrued on security deposits	460	-	443	-
Government grant receivable	84	-	180	-
Less : Loss allowance	(84)	-	-	-
Total other financial assets	**5,810**	**-**	**9,152**	**1,000**

* The Company has given a fixed deposit of Rs.1,000 ('000) against a bank guarantee of Rs. 1,000 ('000) to UP Pollution Control Board. Therefore, there is restriction to use these funds. Refer Note 9(d)

Note 7 (a) : Other non-current assets

Particulars	31-Mar-21	31-Mar-20
Deferred employee cost	11	72
Balance with government authorities	12,717	331
Less: Loss allowance	(1,452)	-
Prepayment	42	48
Total other non-current assets	**11,318**	**451**

Note 7 (b) : Non-current income tax assets (net)

Particulars	31-Mar-21	31-Mar-20
Advance income taxes paid #	8,937	10,474
Total non-current income tax assets (net)	**8,937**	**10,474**
# Net of provision	10,280	10,073

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Note 8 : Inventories

Particulars	31-Mar-21	31-Mar-20
Raw materials	-	7,129
Stores and spares	4,963	19,567
Total inventories	**4,963**	**26,696**

Amounts recognised in the statement of profit and loss

Write-down of inventories to net realizable value amounted to Rs. Nil ('000) [March 31, 2020 – Rs. 24,471 ('000)]. These were recognized as an expense during the year and included in 'changes in value of inventories of work-in-progress and finished goods' Rs. Nil ('000) [March 31, 2020 - Rs. 5,820 ('000)], 'cost of material consumed Rs. Nil ('000) [March 31, 2020- Rs. 16,036 ('000)] 'Other expense' Rs. Nil ('000) [March 31, 2020- Rs. 2,616 ('000)] in statement of profit and loss.

Inventories are net of provision for obsolete inventory amounting to Rs. 23,065 ('000) [March 31, 2020- Rs. 9,115 ('000)] including Rs. 12,988 ('000) provided based on independent valuer report, refer note 36. This has been recognized as an Expense during the year and included in 'other expense' Rs. 13,950 ('000) [March 31, 2020 - 'Other gains/(losses)- (net)' Rs. 115 ('000)] in statement of profit and loss.

Note 9 (a) : Current Investments

Particulars	31-Mar-21	31-Mar-20
Investment in mutual funds		
Unquoted		
Nil (31 March 2020: 1,594,848) units of Rs. 10 each of Franklin India Government Securities Fund - Long Term Plan - Direct	-	77,632
Nil (31 March 2020: 1,209,974) units of Rs. 10 each of DHFL Pramerica Gilt Fund -Direct Plan - Growth	-	28,041
Nil (31 March 2020: 1,311,009) units of Rs. 10 each of Canara Robeco Gilt PGS -Direct Growth -GL-DG	-	76,894
Total	**-**	**182,567**
Total current investments	-	182,567
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	-	182,567
Aggregate amount of impairment in the value of investments	-	-

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Note 9 (b) : Trade receivables

Particulars	31-Mar-21	31-Mar-20
Trade receivables	1,698	4,823
Less: Loss allowance	(1,698)	(1,702)
Total receivables	**-**	**3,121**
Current portion	**-**	**3,121**
Non-current portion	**-**	**-**
Break-up of security details		
Trade receivables considered good - Secured	-	151
Trade receivables considered good - Unsecured	1,698	4,672
Total	**1,698**	**4,823**
Less : Loss allowance	(1,698)	(1,702)
Total trade receivables	**-**	**3,121**

(All amounts "Rs. in '000" unless otherwise stated)

Note 9 (c) : Cash and cash equivalents

Particulars	31-Mar-21	31-Mar-20
Balances with banks		
- in current accounts*	20,272	9,099
Cash on hand	31	160
Total cash and cash equivalents	**20,303**	**9,259**

* including sweep fixed deposit with banks.

Note 9 (d) : Other bank balances

Particulars	31-Mar-21	31-Mar-20
Deposits with original maturity of more than three months but less than twelve months	249,197	390,000
Deposits with original maturity of more than twelve months*	1,000	-
Total other bank balances	**250,197**	**390,000**

* The Company has given a fixed deposit of Rs.1,000 ('000) against a bank guarantee of Rs. 1,000 ('000) to UP Pollution Control Board. Therefore, there is restriction to use these funds. Refer Note 6(b)

Note 10 : Other current assets

Particulars	31-Mar-21	31-Mar-20
Unsecured, considered good unless otherwise stated		
Advances to suppliers - considered good	51	4,991
Advance recoverable from related parties [Refer note 25 (f)]	-	70
Advances to suppliers - considered doubtful	978	978
Less: Allowance for doubtful advances	(978)	(978)
Prepayments	3,566	5,736
Advance to employee	586	-
Less: Allowance for doubtful advances	(571)	-
Deferred employee cost	17	73
Balances with statutory/ government authorities	-	8,584
Total other current assets	**3,649**	**19,454**

Note 11: Equity share capital and other equity

11 (a) Equity share capital

Authorised equity share capital

Particulars	Number of shares	Amount
As at 1 April 2019	65,715,000	657,150
Increase during the year	-	-
As at 31 March 2020	**65,715,000**	**657,150**
Increase during the year	-	-
As at 31 March 2021	**65,715,000**	**657,150**

(i) Movement in equity share capital (issued, subscribed and paid up)

Particulars	Number of shares	Amount
As at 1 April 2019	62,715,000	627,150
Increase during the year	-	-
As at 31 March 2020	**62,715,000**	**627,150**
Increase during the year	-	-
As at 31 March 2021	**62,715,000**	**627,150**

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(ii) 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.

(iii) Shares of the Company held by Holding Company

Particulars	Number of shares	
	31-Mar-21	31-Mar-20
Evonik Operations GmBH (formerly known as Evonik Degussa GmBH), the Holding Company	45,853,315	45,853,315

(iv) Details of shareholders holding more than 5% shares in the Company

Particulars	31-Mar-21		31-Mar-20	
	Number of shares	% holding	Number of shares	% holding
Evonik Operations GmBH (formerly known as Evonik Degussa GmBH), the Holding Company	45,853,315	73.11%	45,853,315	73.11%

11(b) : Reserves and surplus

Particulars	31-Mar-21	31-Mar-20
Retained earnings	(356,907)	214,630
Total reserves and surplus	**(356,907)**	**214,630**

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Retained Earnings

	31-Mar-21	31-Mar-20
Opening balance	214,630	322,218
Net (loss)/ profit for the year	(577,190)	(104,731)
Items of other comprehensive income recognised directly in retained earnings:		
Remeasurements of post-employment benefit obligation, net of tax	5,653	(2,857)
Closing balance	**(356,907)**	**214,630**

Note 12: Financial liabilities

12(a) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	31-Mar-21	31-Mar-20
Non-current borrowings	-	-
Lease liabilities (see note 3(b))	97	2,652
Net debt	**97**	**2,652**

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Particulars	Liabilities from financing activities		Total
	Lease obligation	Non-current borrowings	
Net debt as at 1 April 2019	**92**	-	**92**
Acquisitions – leases	2,908	-	**2,908**
Cash flows	(472)	-	**(472)**
Interest Paid	124	-	**124**
Net Debts as at 31 March 2020	**2,652**	-	**2,652**
Opening Balance as on 1 April 2020	2,652	-	**2,652**
Deletion - Leases	(1,881)	-	**(1,881)**
Cash flows	(589)	-	**(589)**
Interest Paid	16	-	**16**
Gain on termination of lease	(101)	-	**(101)**
Net Debts as at 31 March 2021	**97**	-	**97**

Finance Lease liabilities

Finance lease liabilities were included in borrowings until March 31, 2019, but were reclassified to lease liabilities on April 1, 2019 in the process of adopting the new leasing standard. See note 34 for further information about the change in accounting policy for lease during the previous year.

12(b) Trade payables

Particulars	31-Mar-21	31-Mar-20
Current		
Total outstanding dues of micro and small enterprises	3	91
Total outstanding dues of creditors other than micro and small enterprises	7,495	16,041
Trade payables to related parties (note 25 (f))	1,361	2,265
Total trade payables	**8,859**	**18,397**

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Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) based on the information available with the Company:

	31-Mar-21	31-Mar-20
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at period end	-	84
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at period end	3	7
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the period	1,249	2,033
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period	7	9
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	3	7
Further interest remaining due and payable for earlier years	-	-

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12(c) Other financial liabilities

Particulars	31-Mar-21	31-Mar-20
Current		
Employee related liabilities	3,165	3,483
Liability towards employees voluntary retirement scheme (Refer note 37)	22,939	-
Capital creditors	-	28
Security deposits from vendors	95	745
Security deposits from customers	-	1,175
Total other current financial liabilities	**26,199**	**5,431**

12 (d) Provisions

Particulars	31-Mar-21	31-Mar-20
Current		
Provision for sales tax matters	157	157
Provision for waste disposal	35,186	-
Total provisions	35,343	157

Movements in provisions

	Waste disposal	Sales Tax cases	Total
As at 1 April 2019	-	**506**	506
Additional provision recognised	-	-	-
Unused amounts reversed	-	-	-
Amount used during the year	-	**(349)**	(349)
As at 31 March 2020	**-**	**157**	**157**
As at 1 April 2020	-	**157**	157
Reclassified from trade payable during the year	**2,785**		2,785
Additional provision recognised	**32,401**	-	32,401
Unused amounts reversed	-	-	-
Amount used during the year	-	-	-
As at 31 March 2021	**35,186**	**157**	**35,343**

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Provision for waste disposal

The Company’s Effluent Treatment System generate suspended silica particles which is required to be disposed as per Hazardous and other Wastes (Management and Transboundary Movement) rules, 2016. Due to stoppage of plant since October 26, 2019, accumulated suspended silica particles in terms of sludge in the lagoon of plant is required to be disposed at an estimated cost of INR 32,401 [‘000] which has been provided for the books. The provision for waste disposal is based on current estimate of volume of sludge and expected costs of disposal. The Company has not yet received any direction from any authority but expect future cash outflow withing one year from the balance sheet. Actual cost of disposal may differ from the current estimates.

Provision for sales tax matters

Provison is made with respect to sales tax matter under dispute which are pending resolution. These are expected to be settled in the next financial year.

Note 13 : Employee benefit obligations

13 (a) Employee benefit obligations - Non-current

Particulars	31-Mar-21	31-Mar-20
Long service award (iv)	-	1,018
Rentention bonus/exgratia [refer note 13 (iv) (b)	1,753	-
Total non-current employee benefit obligations	**1,753**	**1,018**

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13 (b) : Employee benefit obligations - Current

Particulars	31-Mar-21	31-Mar-20
Compensated absences (i)	2,883	7,140
Long service award (iv)	-	363
Rentention bonus/exgratia [refer note 13 (iv) (b)	1,681	-
Gratuity (ii)	824	6,252
Total current employee benefit obligations	**5,388**	**13,755**

(*i*) *Compensated absences*

The amount of the provision of Rs. 2,883 ('000) [(March 31, 2020 – Rs. 7,140 ('000)], is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

Particulars	31-Mar-21	31-Mar-20
Leave obligation not expected to be settled within the next 12 months	1,545	6,060

(*ii*) *Post-employment obligations*

- Gratuity

  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 reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below:

(a) Present value of defined benefit obligation

Particulars	31-Mar-21	31-Mar-20
Obligations at year beginning	42,985	37,562
Interest expense	2,835	2,823
Current service cost	668	2,227
Past service cost	-	-
(Gains) and losses on curtailment and settlement	-	-
Amount recognised in the statement of profit and loss	**668**	**2,227**
Remeasurements		
Actuarial (gain) / loss from change in demographic assumption	(227)	(54)
Actuarial loss/ (gain) from change in financial assumption	(785)	2,234
Experience losses/ (gains)	(4,641)	677
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
Amount recognised in other comprehensive income	**(5,653)**	**2,857**
Payment from plan:		
Benefit payments	(29,741)	(2,484)
Settlements	-	-
Addition due to transfer of employee	-	-
Obligations at year end	**11,094**	**42,985**

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(b) Fair value of plan assets

Particulars	31-Mar-21	31-Mar-20
Plan assets at year beginning, at fair value	36,733	33,017
Interest income	2,423	2,482
Amount recognised in the statement of profit and loss	**2,423**	**2,482**
Employer's contribution	4,813	3,520
Benefits paid	(29,506)	(2,286)
Return on plan assets, excluding amount recognised in net interest expense	-	-
Amount recognised in other comprehensive income	**-**	**-**
Fair Value of Plan Assets as at the end	**14,463**	**36,733**

(c) Assets and liabilities recognised in Balance Sheet

Particulars	31-Mar-21	31-Mar-20
Present value of the defined benefit obligations	11,094	42,985
Fair value of plan assets	14,463	36,733
Net amount recognised as below	**3,369**	**(6,252)**
Amount recognised as (liability)/ asset*	**(824)**	**(6,252)**
Net balance of fair value of plan assets not recognised**	**4,193**	**-**
	3,369	**(6,252)**

* Current year amount represents obligation with respect to employees not funded with LIC.

** As per the Gratuity Trust Deed there is restriction on transfer of any excess balance in the LIC Fund to the company and such excess balance is requried to be utilised by the Trust for the benefits of its members. Therefore, the Company has not recognised the excess of plan assets over obligations amounting to Rs. 4,193 ('000) as asset in its books of accounts as on March 31, 2021. Corresponding adjustment has been made in amounts recognised in profit and loss.

(d) Defined benefit obligations cost for the year recognised in profit and loss

Particulars	31-Mar-21	31-Mar-20
Current service cost	668	2,227
Interest Cost	2,835	2,823
Interest income	(2,423)	(2,482)
Excess of plan assets over obligations not recognised as asset [refer (c) above]	4,193	-
Net defined benefit obligations cost for the year recognised in the statement of profit and loss	**5,273**	**2,568**

(e) Defined benefit obligations cost for the year recognised in other comprehensive income

Particulars	31-Mar-21	31-Mar-20
Actuarial (gain) / loss from change in demographic assumption	(227)	(54)
Actuarial loss/ (gain) from change in financial assumption	(785)	2,234
Experience losses/ (gains)	(4,641)	677
Return on plan assets, excluding amount recognised in net interest expense	-	-
Net defined benefit obligations cost for the year recognised in other comprehensive income	**(5,653)**	**2,857**

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(f) Investment details of plans assets:

Particulars	31-Mar-21	31-Mar-20
LIC of India	100%	100%
Total	**100%**	**100%**

In respect of Employees Gratuity Fund, composition of plan assets is not readily available from LIC of India. The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(g) Actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	31-Mar-21	31-Mar-20
Discount rate	4.25%	6.60%
Salary growth rate	5.00%	9.00%
Attrition rate:		
Staff	2.00%	6.58%
Technicians	0.00%	1.92%
Mortality rate	IALM 12-14	IALM 12-14
Retirement age	Contracted date*	58 years

* The Company has entered into rentention agreement with certain employees and expect that employees will retire on December 31, 2022 except for five employees who retired on April 15, 2021.

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, senority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

(h) Expected contribution to the fund in the next year

Particulars	31-Mar-21	31-Mar-20
Gratuity	-	8,560

(i) Sensitivity analysis

Particulars	31-Mar-21		31-Mar-20	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 1%)	11,275	10,917	45,687	40,535
(% change compared to base due to sensitivity)	1.6%	-1.6%	6.3%	-5.7%
Salary growth rate (- / + 1%)	10,917	11,272	40,565	45,599
(% change compared to base due to sensitivity)	-1.6%	1.6%	-5.6%	6.1%
Attrition rate (- / + 50% of attrition rate)	11,095	11,093	43,552	42,524
(% change compared to base due to sensitivity)	0.0%	0.0%	1.3%	-1.1%
Mortality rate (- / + 10% of mortality rates)	11,094	11,094	42,996	42,974
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to the prior period.

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(j) Risk exposure

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory frame work which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash / cash equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

Salary escalation risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse as compared to the assumptions.

Asset liability mismatching or market risk: The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/ fall in interest rate.

Investment risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Maturity profile of defined benefit obligation

Weighted average duration (based on discounted cash flows) 1 Year

The expected maturity analysis of gratuity (undiscounted) is as follows :

Particulars		1 year	Between 2 - 5 years	Between 6 - 10 years	Over 10 years	Total
Defined benefit obligation	31-Mar-21	3,532	8,228	-	-	11,760
Total		**3,532**	**8,228**	**-**	**-**	**11,760**
Defined benefit obligation	31-Mar-20	3,770	22,712	22,795	18,308	67,585
Total		**3,770**	**22,712**	**22,795**	**18,308**	**67,585**

(iii) 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.

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	31-Mar-21	31-Mar-20
Provident Fund	4,435	5,059
Superannuation	4,031	4,523
National pension scheme	523	824
Total	8,989	10,406

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(*iv*) *Other long term employee benefits*

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

b) Retention bonus/exgratia arrangements

The Company has entered into retention agreements with certain employees whose services are required in certain specific areas. These retention agreements entitles employees retention bonus and exgratia payments in three trenches over the retention period specified in the agreements which is generally for a period from February 1, 2021 to December 31, 2022. The terms of the retention bonus/exgratia arrangement require the employees to remain in employment during the relevant retention period for each installment. In case an employee leaves during the retention period, unpaid installments are not paid to such employees. Further, the Company may, if so require, may reduce the retention period in which case entire amount becomes due to such employee. The Company management considers this retention bonus/exgratia arrangement as multiple awards with different service periods where the plan's benefit formula is based on each award's individual service period. Further, the Company management consider that these arrangements are long-term in nature.

Accordingly, the expense is recognized for each instalment over the respective service periods where the period of service is the period for which the employee is required to be employed before being unconditionally entitled to the retention bonus/exgratia payments. The liability accrued reflects the present value of expected cash outflows, with any unwind in the discount reflected in the income statement, which is not considered to be material for adjustment. The liability will be assessed and trued up at each reporting date for any changes in expected cash flows or reduction in retention period. During the year Rs 13,518 ['000] has been accrued and expensed in the Statement of Profit and Loss. Details are as below:

Particulars	31-Mar-21	31-Mar-20
As at 1 April 2020	-	-
Provided during the year	13,518	-
Unused amounts reversed	-	-
Amount used during the year	(10,084)	-
As at 31 March 2021	3,434	**-**

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Note 14 : Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

Particulars	31-Mar-21	31-Mar-20
(A) Deferred tax liability on capital gains		
Deferred tax asset:		
Capital losses	-	7,277
Deferred tax asset [Refer note (i)]	**-**	**7,277**
Deferred tax liabilities:		
Capital gain on investments	-	9,231
Deferred tax liabilities	**-**	**9,231**
Net deferred tax liabilities (A)	**-**	**1,954**
(B) Deferred tax liability on other items		
Deferred tax asset:		
Employee benefits	-	2,949
Others	-	2,055
Total deferred tax assets [Refer note (ii)]	**-**	**5,004**
Deferred tax liabilities:		
Depreciation/amortisation on Property, plant and equipment/ Intangible assets	-	4,991
Employee loan	-	13
Total deferred tax liabilities	**-**	**5,004**
Net deferred tax liabilities (B)	**-**	**-**
Total Net deferred tax liabilities (A+B)	**-**	**1,954**

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Note (i) : Under tax laws, capital gain or loss cannot be set off with profit and gain from business or profession, therefore, deferred tax liability on capital losses has been recognized separately. As it was not probable that the Company will have future capital gain therefore, deferred tax asset was recognized to the extent of deferred tax liability. The amount of deferred tax assets not recorded on the capital loss has been shown as part of 'Unrecognised deferred tax assets' included in the table below:

Note (ii) : As it is not probable that the Company will have future taxable profit against which deferred tax assets can be realized, hence the deferred tax asset has been recognized on deductible temporary differences only to the extent of deferred tax liability. Further, deferred tax asset has not been recognized in relation to carry forward unused tax losses/ unabsorbed depreciation/MAT credit entitlement. The details of such items on which deferred tax assets has not been recognised is as below:

Unrecognized deferred tax assets

Particulars	31-Mar-21		31-Mar-20	
	Gross amount	Unrecognized tax effect	Gross amount	Unrecognized tax effect
Tax losses	288,106	80,151	144,030	40,069
Unabsorbed depreciation	96,003	26,708	70,937	19,735
Deductible temporary differences	376,822	104,832	6,359	1,769
MAT credit	-	27,966	-	27,966
		239,657		**89,539**

Tax losses, unabsorbed depreciation, MAT credit and deductible temporary differences for which deferred tax asset was not recognized, expires as follows:

Particulars	31-Mar-21	Expiry date	31-Mar-20	Expiry date
MAT credit	27,966	*	27,966	*
Tax losses	288,106	**	144,030	**
Unabsorbed depreciation	96,003	***	70,937	***
Deductible temporary differences	376,822	****	6,359	****

*

Assessment Year	Available up to A.Y.	31-Mar-21	31-Mar-20
AY 2010-11	AY 2025-26	10,217	10,217
AY 2011-12	AY 2026-27	5,938	5,938
AY 2012-13	AY 2027-28	1,530	1,530
AY 2016-17	AY 2031-32	2,684	2,684
AY 2017-18	AY 2032-33	6,483	6,483
AY 2018-19	AY 2033-34	1,114	1,114
		27,966	**27,966**

**

Assessment Year	Available up to A.Y.	31-Mar-21	31-Mar-20
AY 2014-15	2022-23	18,413	18,413
AY 2019-20 #	2027-28	35,232	35,232
AY 2020-21 #	2028-29	85,720	90,385
AY 2021-22 #	2029-30	148,741	-
		288,106	**144,030**

***Under Income Tax Act, 1961, unabsorbed depreciation can be carried forward indefinitely and has no expiry date.

**** The deductible temporary differences do not expire under current tax legislation.

The above balances of unrecognised deferred tax assets are as per return of income filed upto AY 2020-21 (previous year: upto AY 2019-20) and return of income proposed to be be filed by the Company which are pending assessment by the revenue authorities.

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Movement in deferred tax liabilities (Net)

Particulars	Employee benefits	Depreciation/ amortisation on Property, plant and equipment/ Intangible assets	Employee Loan	Carry forward capital losses	Financial assets at FVPTL	Others	Total
At 1 April 2019	2,380	(4,780)	(12)	7,116	(7,116)	2,412	-
(Charged)/credited:							
- to profit or loss	569	(211)	(1)	161	(2,115)	(357)	(1,954)
At 31 March 2020	**2,949**	**(4,991)**	**(13)**	**7,277**	**(9,231)**	**2,055**	**(1,954)**
(Charged)/credited:							
- to profit or loss	(2,949)	4,991	13	(7,277)	9,231	(2,055)	1,954
At 31 March 2021	-	-	-	-	-	-	-

Note 15 : Other current liabilities

Particulars	31-Mar-21	31-Mar-20
Advances from customers	37	160
Statutory dues	23,627	2,041
Advance received against disposal of property plant & equipment (Refer note 38)	-	2,500
Total other current liabilities	**23,664**	**4,701**

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Note 16 : Revenue from operations

Particulars	31-Mar-21	31-Mar-20
Revenue from contracts with customers		
Sale of products	-	577,414
Sale of services	-	56
Total revenue from operations	**-**	**577,470**

(i) No significant judgements had been made by the Company in determination of the amount and timing of revenue from contracts with customers.

(ii) There were no unsatisfied (or partially satisfied) performance obligations, as the performance obligation is part of a contract that had an original expected duration of less than one year.

(iii) Reconciliation of revenue recognised with contract price :

	31-Mar-21	31-Mar-20
Contract Price	-	583,383
Adjustment for :		
Incentives to customers	-	(5,913)
	-	**577,470**

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Note 17 (a) : Other income

Particulars	31-Mar-21	31-Mar-20
Interest income on financial assets measured at amortised cost	20,889	28,526
Government grant (i)	6	1,058
Sales of Raw Materials, Stores and Spares	13,276	4,285
Insurance claim	-	51
Total other income	**34,171**	**33,920**

(i) Government grants are related to export incentives on Duty Drawback Scheme and Merchandise Export from India Scheme. There are no unfulfilled conditions or other contingencies attached to these grants.

Note 17 (b) : Other gains/(losses)- (net)

Particulars	31-Mar-21	31-Mar-20
Net gain on disposal of property, plant and equipment (Refer note 38)	2,052	-
Net gain/(loss) on financial assets measured at fair value through profit and loss*	10,745	19,281
Gain on termination of lease	101	-
Liabilities and provision no longer required written back	6	-
Net foreign exchange differences	34	-
Provision for obsolete stores & spares and packing material no longer required written back	-	115
Loss allowance no longer required written back	-	191
Total other gains/(losses)	**12,938**	**19,587**
* Includes net gain/(loss) on sale of investments in Mutual Funds	10,745	(56)

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Note 18 : Cost of material consumed

Particulars	31-Mar-21	31-Mar-20
Raw and packing materials at the beginning of the year	7,129	18,244
Add: Purchases/ (Sales)*	(7,129)	216,078
Less: Raw and packing materials at the end of the year	-	7,129
Total cost of material consumed	**-**	**227,193**

Cost of material consumed includes Rs. Nil ('000), [March 31, 20 Rs. 16,036 ('000)] on account of write down of inventories to net realizable value.

* Cost of raw material sold during the year disclosed under Note 22 "Other Expenses"

Note 19 : Changes in inventories of finished goods and work-in-progress

Particulars	31-Mar-21	31-Mar-20
Opening balance		
Work in Process	-	11,473
Finished goods	-	57,035
Total opening balance (a)	**-**	**68,508**
Closing balance		
Work in Process	-	-
Finished goods	-	-
Total closing balance (b)	**-**	**-**
Total changes in inventories of finished goods and work-in-progress (a-b)	**-**	**68,508**

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Note 20 : Employee benefit expense

Particulars	31-Mar-21	31-Mar-20
Salaries, wages and bonus	56,931	65,230
Contribution to provident and other funds (Refer note 13)	8,989	10,406
Voluntary retirement scheme benefit (Refer note 37)	167,338	-
Retention bonus/exgratia (Refer note 13(iv))	13,518	-
Gratuity (Refer note 13)	5,273	2,568
Compensated absences *	671	1,452
Staff welfare expenses	6,462	6,690
Total employee benefit expense	**259,182**	**86,346**

* Includes INR 1,404 '(000), (Previous year: INR Nil) being expenses on encashment of sick leave to employees under Voluntary Retirement Scheme, refer note 37.

Note 21 (a) : Depreciation and amortisation expense

Particulars	Notes	31-Mar-21	31-Mar-20
Depreciation on property, plant and equipment	**3(a)**	19,047	27,031
Depreciation of right-of-use assets	**3(b)**	807	586
Amortisation of other intangible assets	**5**	185	661
Total depreciation and amortisation expense		**20,039**	**28,278**

Note 21 (b) : Impairment loss on Property, Plant and Equipment and intangible assets

Particulars	Notes	31-Mar-21	31-Mar-20
Property, plant and equipment (Refer note 36)	**3(a)**	142,320	-
Other intangible assets (Refer note 36)	**5**	116	-
Total Impairment loss on Property, Plant and Equipment and intangible assets		**142,436**	**-**

Note 22 : Other expenses

Particulars	31-Mar-21	31-Mar-20
Consumption of stores and spare parts	138	20,268
Power and fuel	4,559	164,761
Freight outward	-	40,538
Rent	38	717
Repairs to buildings	260	1,577
Repairs to machinery	907	4,779
Repairs to others	311	400
Provision for obsolete stores & spares and packing material (Refer note 8)	13,950	-
Cost of Raw matetial, stores and spares sold	8,213	-
Net foreign exchange loss	-	312
Loss allowance	2,147	1,458
Royalty	-	4,213
Information technologies support service charges	5,854	7,487
Rates and taxes (Refer note 22 (b) below)	6,222	550
Legal and professional expenses (Refer note 22 (a) below)	14,357	23,747
Maintenance charges to UPSIDC (Refer note 22 (b) below)	1,087	6,567
Insurance	6,430	4,477
Sales commission	-	16,844

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Note 22 : Other expenses

Particulars	31-Mar-21	31-Mar-20
Waste disposal [Refer note 12 (d)]	33,406	2,890
Loss on disposal of property, plant and equipment (net)	-	806
Transfer Levy (Refer note 35)	80,900	-
Security expenses	5,324	5,954
Travelling	117	3,655
Premises Upkeep	2,220	2,464
Directors Sitting Fee	1,660	740
Recruitment, Training and Relocation expense	1,128	122
Capital work in progress (LPG Project) written off	3,133	-
Miscellaneous Expenses	3,108	7,979
Total other expenses	**195,469**	**323,305**

Consumption of stores and spare parts include Rs. Nil ('000) [March 31, 2020 Rs.- 1,440 ('000)] and power and fuel include Rs. Nil ('000) [March 31, 2020 Rs.- 1,176 ('000)] on account of write down of inventories to net realizable value.

Note 22 (a) : Details of payments to auditors

Particulars	31-Mar-21	31-Mar-20
As auditor :		
Statutory audit	1250	1,250
Limited review	750	750
Tax audit	261	330
Re-imbursement of expenses	29	117
Total	**2,290**	**2,447**

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Note 22 (b):

During the year the Company has paid maintenance charges of Rs. 5,977 ('000) for the period July 1, 2019 to May 29, 2020 to Uttar Pradesh Industrial Development Authority (UPSIDA). Out of the payment to UPSIDA for maintenance charges, for the year ending March 31, 2021 the Company has recognized expense of Rs. 1,087 ('000) for two months period from April 1, 2020 to May 29, 2020 which, as in earlier years, has been included in Maintenance charges to UPSIDC. Further, the Company received a letter dated June 25, 2020 from Nagarpalika Parishad, Gajraula informing that the jurisdiction of Gajraula for charging maintenance charges has been transferred from UPSIDA to Nagarpalika Parishad. Accordingly, with effect from June 1, 2020, the Company is liable to pay self-assessment property and water tax to Nagarpalika Parishad. Accordingly, for the year ending March 31, 2021 the Company has recognized expense of Rs. 3,471 ('000) for self-assessment tax payable to Nagarpalika for ten months period from June 1, 2020 to March 31, 2021 which has been included in 'Rates and taxes'. The provision for property and water tax has been calculated based on the guidelines given in :Government Gazette, Uttar Pradesh, Allahabad, Saturday, 21 October, 2017 (Ashwin 20, 1939 shak sanwat)". Further, Nagarpalika tax of Rs. 3,471 ('000) has been paid on May 13, 2021.

Note 23: Finance costs

Particulars	31-Mar-21	31-Mar-20
Interest and finance charges on financial liabilities not at fair value through profit or loss	-	-
Interest and finance charges on lease liabilities	16	124
Interest - Others	683	-
Interest on Transfer Levy (Refer note 35)	5,710	-
Total finance costs	**6,409**	**124**

Subsequent to introduction of Ind AS 116 'Leases' in the previous year, the Company has recognized Long Term leases as Right-of-use assets and created Lease Obligation representing Present Value of future minimum lease payment. The unwinding of such obligation is recognized as Interest Expenses.

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Note 24: Income tax expense

Particulars	31-Mar-21	31-Mar-20
Taxes relating to earlier years	2718	-
Deferred tax		
Decrease / (increase) in deferred tax assets	-	-
(Decrease) / increase in deferred tax liabilities	(1,954)	1,954
Total deferred tax expense/(benefit)	**(1,954)**	**1,954**
Income tax expense	**764**	**1,954**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	31-Mar-21	31-Mar-20
Profit before income tax expense	(576,426)	(102,777)
Tax at the Indian tax rate of 27.82% (2019-2020 – 27.82%)	(160,362)	(28,592)
Other adjustments	112,772	(2,606)
Deferred tax not recognised on business losses of current year	48,354	33,152
Income tax expense	**764**	**1,954**

(d) Transfer Pricing Note

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. For this purpose, the Company has appointed an independent consultant for conducting a Transfer Pricing study (the 'study') for the Assessment Year 2021-22. In the unlikely event that any adjustment is required consequent to completion of the study for the year ended March 31, 2021, the same would be made in the subsequent year. However, management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

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Note 25: Related party transactions

Name of entity	Place of business	Ownership interest 31-Mar-21	Ownership interest 31-Mar-20
(a) Parent Entities			
The Company is controlled by following entity:			
Ultimate Holding Company - RAG-Stiftung	Germany		
Intermediate Holding Company - Evonik Industries AG	Germany		
Holding Company - Evonik Operations GmBH (formerly known as Evonik Degussa GmBH),	Germany	73.11%	73.11%
(b) Fellow Subsidiaries with whom the Company had transaction during the year:			
Evonik India Pvt. Ltd.	India		
Evonik Resource Efficiency GmbH	Germany		
Evonik Technology and Infrastructure GmbH	Germany		
Evonik IP GmbH	Germany		

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(c) Key management personnel and relative

Key management personnel:

Mr. Dara Phirozeshaw Mehta, Independent Director, Chairman
Mr. Brijesh Arora, Managing Director (Till December 10, 2020)
Mr. Christian Schlossnikl, Director
Ms. Sonia Prashar, Independent Director
Mr. Sanjeev Taneja, Director (Till August 13, 2020)
Mr. Vinod Paremal Naraynan (w.e.f. August 13, 2020)
Mr. Gopal Iyer (w.e.f. December 10, 2020)
Ms. Meng Tang, Director
Ms. Shivangi Negi, Chief Financial Officer
Ms. Swati Surhatia, Company Secretary
Mr. Sarvesh Kumar Upadhyay, Company Secretary (Till January 1, 2020)

Proprietorship firm in which proprietor is relative of key management personnel

Nityanand Singh & Co.

(d) Key management personnel compensation

Particulars	31-Mar-21	31-Mar-20
Short-term employee benefits	6,667	9,857
Post-employment benefits	(85)	464
Long-term employee benefits	3,980	1,413
Directors sitting fees	1,660	740
Total compensation	**12,222**	**12,474**

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(e) Transactions with related parties

The following transactions occurred with related parties:

	Holding Company & Intermediate Holding Company		Fellow Subsidiary		Proprietorship firm in which proprietor is relative of key management personnel	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Commission on sales paid:						
- Evonik India Pvt. Ltd.	-	-	-	16,685	-	-
SAP license, Lotus Notes and Microsoft license fee paid:						
- Evonik Industries AG	5,854	7,487	-	-	-	-
Royalty:						
- Evonik IP Gmbh	-	-	-	4,213	-	-
Reimbursement of expenses received:						
- Evonik Resource Efficiency GmbH	-	-	-	70	-	-
- Evonik India Pvt. Ltd.	-	-	26	168	-	-
Air Freight Paid :						
- Evonik India Pvt. Ltd.	-	-	-	9,553	-	-
Fees (Secretarial audit):						
Nityanand Singh & Co.	-	-	-	-	131	118

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(f) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Particulars	31-Mar-21	31-Mar-20
Trade payables		
Intermediate holding company		
Evonik Industries AG	1,361	1,438
Fellow Subsidiaries		
Evonik IP GmbH	-	34
Evonik Technology and Infrastructure GmbH	-	675
Proprietorship firm in which proprietor is relative of key management personnel		
Nityanand Singh & Co.	-	118
Total payables to related parties	**1,361**	**2,265**
Fellow Subsidiaries		
Evonik Resource Efficiency GmbH	-	70
Total other current assets	**-**	**70**
Total receivables from related parties	**-**	**70**

Transactions relating to SAP license, Lotus Notes, Microsoft license fee, reimbursement of training expenses were on the basis of arm's length.

All other transaction were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured and are repayable in cash.

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Note 26 : Contingent liabilities

Particulars	31-Mar-21	31-Mar-20
House tax matter		
Case pertaining to demand for payment of House Tax including penalty	16,250	15,625
Sales tax matters		
Cases pending before Appellate authorities in respect of which the Company/department has filed appeals.	3,999	3,753
Liability for bonus		
Liability for bonus for Financial Year 2014-15 due to retrospective applicability of "The Payment of Bonus (Amendment) Act, 2015"	1,584	1,584
Others		
Other claims against the Company not acknowledged as debts	4,105	3,443
Total	**25,938**	**24,405**

(a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

(b) The Company does not expect any reimbursements in respect of the above contingent liabilities.

(c) "The Supreme Court of India has passed an order dated February 28, 2019 in the matter of The Regional Provident Fund Commissioner (II) West Bengal vs. Vivekananda Vidyamandir & Ors in Civil Appeal No. 6221 of 2011 and few other linked cases. In the said order, the Supreme Court has clarified the definition of the Basic Wage under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952.The Company has evaluated the impact of this Judgement and in the assessment of management, the aforesaid matter is not likely to have a significant financial impact and accordingly, no provision has been made in these Financial Statements. "

(d) Refer note 35 for ongoing litigation with respect to leasehold land from Uttar Pradesh State Industrial Development Authority (UPSIDA) pending before the Hon'able High Court at Allahabad.

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Note 27 : Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	31-Mar-21	31-Mar-20
Property, plant and equipment *	-	20

* Net of advances March 31, 2021 Rs. Nil ('000), March 31, 2020 Rs. Nil ('000).

Note 28 : Earnings/(loss) per share

Particulars	31-Mar-21	31-Mar-20
(a) Basic earnings/(loss) per share		
Basic earnings/(loss) per share attributable to the equity holders of the Company (Rs.)	(9.20)	(1.67)
(b) Diluted earnings/(loss) per share		
Diluted earnings/(loss) per share attributable to the equity holders of the Company (Rs.)	(9.20)	(1.67)
(c) Reconciliation of earnings/(loss) used in calculating earnings/(loss) per share		
Basic earnings/(loss) per share		
Profit/(loss) attributable to equity share holders of the company used in calculating earnings per share	(577,190)	(104,731)
Diluted earnings per share		
Profit attributable to equity share holders of the company used in calculating earnings per share	(577,190)	(104,731)
(d) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings/(loss) per share (number of shares)	62,715,000	62,715,000
Weighted average number of equity shares used as the denominator in calculating diluted earnings/(loss) per share (number of shares)	62,715,000	62,715,000

Note: There are no dilutive instruments.

Note 29 : Fair value measurements

Financial instruments by category

Particulars	31-Mar-21			31-Mar-20		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Mutual funds	-	-	-	182,567	-	-
Loans						
- Loans to Employees	-	-	422	-	-	1,530
- Security Deposits	-	-	7,131	-	-	7,563
Trade receivables	-	-	-	-	-	3,121
Cash and cash equivalents	-	-	20,303	-	-	9,259
Other Bank Balances	-	-	250,197	-	-	390,000
Other Financial Assets	-	-	5,810	-	-	10,152
Total financial assets	**-**	**-**	**283,863**	**182,567**	**-**	**421,625**
Financial liabilities						
Trade payables	-	-	8,859	-	-	18,397
Other Financial Liabilities:						
- Other Financial Liabilities	-	-	26,199	-	-	5,431
Total financial liabilities	**-**	**-**	**35,058**	**-**	**-**	**23,828**

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(i) Fair value hierarchy

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
At 31 March 2021					
Financial Investments at FVPL					
Mutual funds	**9 (a)**	-	-	-	-
Total Financial Assets		**-**	**-**	**-**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Notes	Level 1	Level 2	Level 3	Total
At 31 March 2021					
Financial Assets					
- Loans to Employees	**6 (a)**	-	-	422	422
Total Financial Assets		**-**	**-**	**422**	**422**

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
At 31 March 2020					
Financial Investments at FVPL					
Mutual funds	**9 (a)**	182,567	-	-	182,567
Total Financial Assets		**182,567**	**-**	**-**	**182,567**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Notes	Level 1	Level 2	Level 3	Total
At 31 March 2020					
Financial Assets					
- Loans to Employees	**6 (a)**	-	-	1,530	1,530
Total Financial Assets		**-**	**-**	**1,530**	**1,530**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices (in active market) the closing Net Asset Value (NAV) of which the Company can access as on measurement date. The mutual funds are measured using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value

There are no transfers between levels 1 and 2 during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, other bank balances, other financial assets and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

Majorly, the security deposits are redeemable on demand and hence the fair values of security deposits are approximately equivalent to the carrying amount.

The fair values of loan to employees are based on discounted cash flows using a current perquisite valuation tax rate. They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable. There is no material difference between carrying amount and fair value of loan to employees as on March 31, 2021 and March 31, 2020.

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Note 30 : Financial risk management

The Board of Directorsof the Company has overall responsibility for the determination of the Company's risk management objectives and policies. The Company's overall risk management policy during the suspension of operations and the proposed voluntary liquidation of the Company, as described in notes 33, focusses on conservation of cash, management of other financial assets and liabilities; and regulatory and governmental processes.

The Company's historic activities exposed it to liquidity risk, credit risk and market risk (foreign exchange and price). The Company's financial instruments comprise of financial asstes at fair value through profit and loss, cash and cash equivalents, deposits with bank and other items such as prepayments and other receivable, accruals and other payables which arose from its operations. This note presents information about the Company's exposure to each of the above risks, the Board's objectives, policies and processes for measuring and managing risk and management of capital. Further quantitiative disclosures are included throughout these financial statements. The Company held no derivative financial instruments as at March 31, 2021 (Previous Year: Nil). A summary of the main risks is set out below:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Trade Payable and other Financial liabilities	Rolling cash flow forecasts	Monitoring of available cash and cash equivelents and deposits with banks, committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Immaterial impact insignificant amount	Amount receivable/payable in foreign currency are not significant
Market risk – Price Risk	Investment in Mutual funds	Monitoring of NAVs Sensitivity analysis	Investment in high rated Government Interest Link Funds. The Company did not have any investments in mutual fund as at March 31, 2021.

(A) Credit risk

Credit risk mainly arises from cash and cash equivalents, deposits with banks, security deposits with others as well as well as credit exposures to customers. The maximum exposurearising from these financial assets is their carrying value as disclosed in the balance sheet.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and deposits with banking institutions. The carrying amounts of financial assets represent the maximum credit risk exposure.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

A default on a financial asset is when the counterparty fails to make contractual payments within 180 days when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 3 years past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in statement of profit and loss.

Where there has not been significant increase in credit risk in financial assets (other than trade receivables) expected credit loss is measured on 12 months ECL approach. In case of significant increase in credit risk lifetime expected credit loss approach is used. For trade receivables, expected credit loss is calculated using lifetime credit loss approach (simplified approach).

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Year ended 31 March 2021:

Expected credit loss for loans and security deposits

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	422	0%	-	**422**
		Security deposits	7,278	2.02%	147	**7,131**

Year ended 31 March 2020:

Expected credit loss for loans and security deposits

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	1,530	0%	-	**1,530**
		Security deposits	7,666	1.34%	103	**7,563**

(a) Credit risk management

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits account in different banks across the country. Also, no impairment loss has been recorded in respect of fixed deposits that are with recognised commercial banks and are not past due.

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost include security deposits and other assets. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, other balances with banks, loans and other receivables.

The Company has developed guidelines for the management of credit risk from trade receivables. The Company's primary customers are with good credit ratings. Clients are subjected to credit assessments as a precautionary measure, and the adherence of all clients to payment due dates is monitored on an on-going basis, thereby practically eliminating the risk of default.

Credit risk arising from other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognized financial institutions with high credit ratings assigned by the international credit rating agencies.

The average credit period on sales of products is 30 - 90 days. Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and accordingly individual credit limits are defined/modified.

Reconciliation of loss allowance provision - Trade receivables

Loss allowance as at 1 April 2019	244
Changes in loss allowance	1,458
Loss allowance on 31 March 2020	1,702
Changes in loss allowance	(4)
Loss allowance on 31 March 2021	1,698

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Reconciliation of loss allowance provision - Security deposit	
Loss allowance on 1 April 2019	103
Changes in loss allowance	-
Loss allowance on 31 March 2020	103
Changes in loss allowance	44
Loss allowance on 31 March 2021	147

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

Maturities of financial liabilities

The table below analyses the Company financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities and
- gross settled derivatives financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	**31-Mar-21**	**31-Mar-20**
Floating rate - Expiring within one year :		
1. Working capital demand loan/Cash Credit	5,000	5,000
2. Overdraft	5,000	-
3. Import / Inland letters of credit	20,000	20,000
4. Guarantees - performance / financial - maximum 2 years	20,000	20,000
5. Guarantees - performance / financial - maximum 5 years	5,000	5,000
6. Cash management services	5,000	4,000

(i) At no time shall the aggregate Drawings under the Facility 1 to 2 exceed Rs. 5,000 ('000) [2020 Rs. Nil '000)].

(ii) At no time shall the aggregate Drawings under the Facility 3 to 5 exceed Rs. 20,000 ('000) [2020 Rs. 20,000 ('000)].

(iii) 'The facilities listed at 1 to 4 above shall be secured by first pari passu charge on stocks and book debts, with a margin of 25%.

Assets pledged as security

The carrying amount of assets pledged as security for financing arrangement are :

Particulars	**31-Mar-21**	**31-Mar-20**
Non-current assets		
Other financial assets		
Long term deposit with bank with original maturity period more than 12 months	-	1,000
Current assets		
First charge		
Inventories	4,963	26,696
Financial assets		
First charge		
Trade receivables	-	3,121
Deposits with original maturity of more than three months but less than twelve months	1,000	-
Total Current assets pledged as security	**5,963**	**30,817**

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The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Contractual maturities of financial liabilities:	0-30 days	31-180 days	181-365 days	1 to 2 year	2 to 5 year	Beyond 5 year	Total
31 March 2021							
Non-Derivatives							
Lease liabilities	-	10	-	10	30	760	810
Trade payables	8,447	321	91	-	-	-	8,859
Other financial liabilities	23,771	2,333	95	-	-	-	26,199
Total	**32,218**	**2,664**	**186**	**10**	**30**	**760**	**35,868**
Derivatives							
Foreign exchange forward contracts	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Contractual maturities of financial liabilities:	0-30 days	31-180 days	181-365 days	1 to 2 year	2 to 5 year	Beyond 5 year	Total
31 March 2020							
Non-Derivatives							
Obligation under finance lease	94	480	567	1,806	30	770	3,747
Trade payables	17,490	334	-	573	-	-	18,397
Other financial liabilities	1,719	1,764	1,920	28	-	-	5,431
Total	**19,303**	**2,578**	**2,487**	**2,407**	**30**	**770**	**27,575**
Derivatives							
Foreign exchange forward contracts	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

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(C) Market risk

(i) Foreign currency risk

The Company does not have significant foreign currency exposure. Accordingly, the Company, generally does not take any financial instrument to hedge its foreign exchange currency risk exposure.

The Company's unhedged foreign currency exposure is as follows:

Particulars	31-Mar-21		31-Mar-20	
	USD	EUR	USD	EUR
Financial assets				
Trade receivables	-	-	-	-
Exposure to foreign currency risk (assets)	**-**	**-**	**-**	**-**
Financial liabilities				
Trade payables				
- Export commission payable	-	-	-	-
- Support services charges payable	-	16	-	25
Exposure to foreign currency risk (liabilities)	**-**	**16**	**-**	**25**

(iii) Price risk

The Company's exposure to price risk arises from mutual funds held by the Company and classified in the Balance Sheet as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Company invests in Government Interest Liquidity Funds, which are highly rated. The Company did not have any investments in mutual fund as at March 31, 2021.

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Sensitivity

The table below summarises the impact of increases/decreases of the NAV on the Company's profit for the year. The analysis is based on the assumption that the Mutual fund NAV had increased / decreased with all other variables held constant. Further there is no change in assumptions from last year.

Particulars	Impact on profit after tax	
	31-Mar-21	31-Mar-20
NAV – increase - Nil (31 March 2020 3%)	-	5,477
NAV – decrease - Nil (31 March 2020 3%)	-	(5,477)

Note 31 : Segment Information:

Description of segments and principal activities

The Company is engaged in the manufacture of a single product viz. Precipitated Silica.

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM) of the Company. The Company has identified Board of Directors as CODM. The CODM is responsible for allocating resources and assessing performance of the operating segments. The Company has monthly review and forecasting procedure in place and CODM reviews the operations of the Company as a whole, hence there are no reportable segments as per Ind AS 108 "Operating Segments". The Company's operations remian shut down from October 26, 2019 as described in Note 33.

A. Information about geographical areas:

The following information discloses revenue from external customers based on geographical areas:

i) Revenue from external customers

Particulars	For the year	
	31-Mar-21	31-Mar-20
India	-	539,216
Outside India	-	38,254
	-	577,470

ii) Revenues from transactions with Nil external customers (previous year one) amounting to 10 per cent or more of the Company's revenues is as follows

Particulars	For the year	
	31-Mar-21	31-Mar-20
Customers	-	70,221

iii) All the non-current assets of the Company are located in India.

Note 32 : Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Company has only one class of equity shares and has no debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for re-investment into business based on its long term financial plans.

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Note 33 :

The Company was informed by the Uttar Pradesh Pollution Control Board (UPPCB) that pursuant to the order of Hon’ble National Green Tribunal (NGT) dated April 26, 2017 in the matter of ‘M. C. Mehta Vs. Union of India and Others’ relating to cleaning of river Ganga, 15 industrial units of 13 companies in Gajraula including unit of Insilco Limited, in the catchment of the river Bagad which leads to the river Ganga, had been ordered to be shut down. In compliance with the same, the Company had shut down its Plant at Gajraula. The matter was again heard on May 8, 2017. The Company pleaded that recommendations with regards to Zero Liquid Discharge (ZLD) are not practical for the Company’s plant and that the UPPCB should prescribe some appropriate method in place of ZLD. After the hearing, the Plant of the Company was allowed to resume operations with certain directions and the Company restarted its plant on May 9, 2017. The directions of NGT, inter-alia, included that the Company would put forward its case before a Joint Inspection Team (JIT) and the JIT will submit its report within two weeks from May 8, 2017. Pursuant to such directions, the JIT visited the plant of the Company on May 23, 2017 and the Company explained full compliance status along with the measures taken for improvement to the JIT. As the Company did not receive the copy of the report of JIT despite renewing its Caveats, records of NGT were duly inspected for such report through our legal counsels; however, no such report was filed by the UPPCB with NGT. The Company also continued its Caveats so that advance intimation to Company should be given if any Report is filed with the NGT. On July 13, 2017, NGT pronounced its detailed judgement in this matter where it gave certain specific directions with respect to Bagad River (drain) and General Directions to Industries at Gajraula and the UPPCB. In response to the Company’s application for renewal of water and air consent for its plant, the Company received a letter dated January 12, 2018 from UPPCB intimating to the Company the recommendations of JIT which had inspected the unit at Gajraula on May 23, 2017 pursuant to the order of Hon’ble National Green Tribunal (NGT) dated May 8, 2017. The Company had replied to the said letter vide the letter dated January 19, 2018.

UPPCB vide its e-mail dated May 11, 2018 had granted its approval for renewal of air/water “Consent to Operate”. The said Water “Consent to Operate” was valid from January 1, 2018 to December 31, 2018. One of the specific conditions of the said water consent stated that

(1) “The unit will incorporate the recommendations of Joint Inspection Team in the study of IIT, Roorkee, validate the technology from Central Pollution Control Board (CPCB) and ensure Zero Liquid Discharge (ZLD) by way of recycling the treated effluent or other methodology recommended by IIT, Roorkee and approved by CPCB by December 31, 2018.” The Company in October 2018 applied to UPPCB for renewal of Consent to Operate under section 25/26 of Water (Prevention & Control of Pollution) Act, 1974 and under section 21/22 of Air (Prevention & Control of Pollution) Act, 1981. for the years 2019 to 2028. After filing of the Company’s application for renewal of the Consents to Operate, UPPCB had raised query that the Company had not submitted the compliance of Zero Liquid Discharge System and compliance of recommendations and suggestions made by JIT in compliance of orders of NGT. The Company had, inter alia, replied that it would be able to discuss the aforesaid queries after receipt of final report from IIT Roorkee and validating the concept from CPCB as per the water Consent to Operate dated May 8, 2018. The Company had submitted final report of IIT Roorkee dated July 17, 2019 to UPPCB vide its letter dated July 20, 2019. The report evaluated five technologies and all such technologies were concluded as non-feasible. The report also concluded that “in present context, there seems to be no feasible technology other than the present practice followed by Insilco for the treatment of Insilco effluent to maintain Sodium Absorption Ratio (SAR) at 26". A summary of the report was submitted with Bombay Stock Exchange vide Company’s letter dated July 23, 2019.

UPPCB, vide its letters dated October 22, 2019, refused the Company’s application for renewal of water and air Consent to Operate on the ground that the unit is using fresh water for dilution of effluent to achieve the norms of Sodium Absorption Ratio (SAR) 26. The study carried out by IIT Roorkee has not recommended any feasible method for treatment of the effluent to achieve the prescribed norms. The process of dilution with fresh water cannot be allowed. Keeping the facts in view the Consent to operate water/air application is hereby rejected. Unit may submit final report of IIT, Roorkee to Central Pollution Control Board (CPCB) and seek suitable direction. Consequent to above, the Company has suspended its operations on October 26, 2019 after utilizing raw material in process. The Company has made a representation alongwith final report of IIT Roorkee to CPCB on October 30, 2019. The Company also preferred a Writ Petition before the Hon’ble Allahabad High Court, inter alia, seeking quashing of the orders dated October 22, 2019 passed by UPPCB or in the alternative, for allowing the Company to resume operations until the CPCB passes suitable directions and for seeking directions to the UPPCB to renew the Company’s water and air Consent to Operate.

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The matter was heard on November 5, 2019 and November 13, 2019.The Allahabad High Court dismissed the Writ Petition and, inter alia, held that the situation was not so exceptional, so as to allow the writ court to intervene, exercising its extraordinary high prerogative discretionary jurisdiction under Article 226 of the Constitution of India. The High Court however noted that the Company was not without any remedy and the statutory alternative appellate remedy was available to the Company in respect of both the orders dated October 22, 2019. The Hon'ble High Court granted liberty to the Company to approach the relevant statutory authority in respect of the impugned orders, and take all points which are available in law. The High Court however noted that if the Company approached the statutory appellate authority, the said authority shall not be influenced in any manner by any observation made in the order and shall decide the appeals strictly in accordance with law. The officials of the Company, considering the economical reasons, conducted discussions with the UPPCB and proposed a change in the process for water treatment. The Company had submitted a proposal to the UPPCB demonstrating an alternative to dilution with adding fresh water by increase in use of Magnesium Salt ($MgSO_4$) and still maintain the SAR value of 26 and filed a fresh application. However, the Fresh Applications for Water & Air Consent to Operate have been refused/rejected by UPPCB, vide its letters dated February 4, 2020, on the following grounds :

(i) The study carried out by IIT, Roorkee has not suggested any feasible method for treatment of effluent in order to achieve the norms prescribed under the provisions of Environment (Protection) Rules, 1986. The process of dilution with fresh water cannot be allowed.

(ii) Unit has not complied with the suggestions for achieving Zero Liquid Discharge made by Joint Committee constituted by Hon'ble National Green Tribunal.

(iii) The proposal to achieve the norms for SAR by increasing the dosing rate of $MgSO_4$ shall put additional load on river Bagadh in terms of TDS concentration and hence the proposal is not acceptable.

The Company has preferred separate appeals under Section 28 of the Water (Prevention & Control of Pollution) Act, 1974 and Section 31 of the Air (Prevention & Control of Pollution) Act, 1981 respectively before the Special Secretary, Department of Environment, Forest and Climate, Uttar Pradesh against the orders of UPPCB. The final hearing took place on October 15, 2020.

Meanwhile vide its order dated December 4, 2020, the Special Secretary dismissed the appeal of the Company while stating. "Therefore, the appellant has the option of presenting its proposal to the Honorable Tribunal through the Joint Committee, following the recommendations of the Joint Committee in compliance with the order of the Hon'ble National Green Tribunal. The above orders have been issued in compliance with the order of the Honorable National Green Tribunal".

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

The Board of the Company reviewed various options of the way forward for the Company. The Board is of the opinion that there is no availability of business prospects nor any long-term financial resources that presents a financially viable alternative to carry on the business activities of the Company or to resume the operations of the Company in the foreseeable future.

The Board granted its in-principle approval for the voluntary liquidation of the Company in its meeting dated March 30, 2021. The Board in its Meeting dated May 31, 2021 resolved to initiate Voluntary Liquidation and appoint a Liquidator in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 and the Regulations made thereunder. Such initiation of Voluntary Liquidation shall be subject to an approval by the Members and Creditors of the Company.

Note 34 : Changes in accounting policies during the previous year

This note explains the impact of the adoption of Ind AS 116 on the Company's financial statements.

Impact on the financial statements – lessee accounting

During the previous year, the Company had adopted Ind AS 116 retrospectively from April 1, 2019, but had not restated comparatives for year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassification and the adjustments arising from the new leasing rules were therefore recognised in the opening balance sheet on April 1, 2019. The new accounting policies are disclosed in Note 1(h).

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

(i) Practical expedients applied

In applying Ind AS 116 for the first time, the Company had used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics

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- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review- there were no onerous contracts as at April 1, 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

(ii) Measurement of lease liabilities

Finance lease liabilities recognised as at 31 March 2019	92
Lease liability recognised as at 1 April 2019	**92**
Of which are:	
Current lease liabilities	-
Non-current lease liabilities	92
	92

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

Adjustments recognised in the balance sheet on April 1, 2019

The change in accounting policy affected the following items in the balance sheet on April 1, 2019:

- property, plant and equipment – decrease by Rs 12,776 ('000)
- accumulated depreciation (property, plant and equipment) - decrease by Rs 588 ('000)
- right-of-use assets – increase by Rs 12,776 ('000)
- accumulated depreciation (right-of-use assets)- increase by Rs 588 ('000)
- borrowings – decrease by Rs 92 ('000)
- lease liabilities – increase by Rs 92 ('000)

The net impact on retained earnings on April 1, 2019 was Nil.

Note 35:

During the Financial Year 2018-19, responding to the Company's application to District Magistrate for issue of no objection certificate (NOC) for its proposed LPG project at Gajraula, Uttar Pradesh State Industrial Development Authority (UPSIDA) had asked the Company to submit its approved building maps and certain information relating to change in shareholding of the Company / it's promoters since execution of agreement with UPSIDA in the year 1989. Accordingly, on April 25, 2019 the Company had sent a letter to UPSIDC giving them necessary information regarding approved maps and the shareholding pattern of the Company as of March 31, 2019.

Consequently, a letter dated July 18, 2019 was received from UPSIDA asking the Company to submit certain information and documents to evaluate the quantum of transfer charges payable pursuant to change of the controlling interest in the Company by the promoters. The Company has submitted relevant documents and clarifications to UPSIDA in this regard. The Company has further submitted a request letter to UPSIDC/ UPSIDA to withdraw the letter dated July 18, 2019 and not to levy any transfer fee on the Company.

The Company has, however, received a letter dated July 1, 2020 from UPSIDA for approval of the change in Shareholding and Directors subject to payment of transfer levy of Rs. 80,900 ('000) and the approval shall be subject to certain terms and conditions such as 'restriction on transfer of controlling interest for 5 years, execution of fresh lease deed with the Company, revision of lease rent to Rs. 682 ('000) per annum during the next 30 years and thereafter, a lease rent of Rs. 1,364 ('000) per annum during the next 30 years'. UPSIDA has also sought approved building plan regarding the Company's application for granting no objection certificate for the installation of proposed LPG project.

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

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

On December 24, 2020 the Company had deposited a sum of Rs. 86,610 ('000) [including interest of Rs. 5,710 ('000)] to UPSIDA under protest which has been expensed off in the books of accounts and included under the Note 22 "Other Expenses" as "Transfer Levy" to the extent of Rs. 80,900 ('000) and under Note 23 "Finance costs" as interest on Transfer Levy to the extent of Rs. 5,710 ('000) towards Transfer Levy and Interest respectively. The Company vide letter dated December 24, 2020 intimated to UPSIDA regarding payment of Transfer levy under protest and again reiterated that while the Transfer Levy and any interest on the said amount are not payable, however, as a law-abiding organization, the Company had decided to remit the Transfer Levy and the interest amount Under Protest and without prejudice to the Company's right under applicable laws and contract with UPSIDA. Further, the Company reserve it's right to initiate appropriate steps for seeking and obtaining refund of all amounts from UPSIDA.

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

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

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

Note 36:

In view of matter described in note 33 , 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, following adjustments have been made in the books of account year ended March 31, 2021:

a) Impairment loss to the carrying values of Property, Plant and Equipment's (PPE) and Intangible assets aggregating to Rs. 142,436 ['000] has been recognized in the books of account based on valuation report of an external independent valuer. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. Valuation of PPE has been carried out on the basis of following key assumptions:

   (i) Since the Zero Liquid Discharge (ZLD) is a mandatory requirement for setting up a new plant, the plant can no longer operate for manufacturing of silica. In view of the same the liquidation values of the assets have been considered by the independent valuer while making the estimate of recoverable amount. The basis for liquidation value approach considers the amount that would be realized when an asset or groups of assets are sold on a piecemeal basis that is without consideration of benefits (or detriments) associated with a going-concern business. A forced sale basis transaction with a shortened marketing period is considered for this valuation where the tangible assets are sold quickly, often for an extremely low percentage of their original cost.

   (ii) For buildings, the method is based on estimation of the cost spent in reproducing the present day structure and thereafter applying liquidation discount in line with market norms and it is assumed that steel structure will fetch more value than the Reinforced Cement Concrete (RCC) on a piecemeal basis.

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(iii) For Plant and Machinery and Other Assets, market approach of valuation has been adopted for estimating the reinstatement value/GCRC (gross current replacement cost). Combination of replacement method and comparison method is used for carrying out the valuation. Liquidation value analysis is carried out in line with market experience and expertise. These assets were categorised between specialised for silica plant and general items. The assets specific to the silica plant are considered at scrap value as per the independent valuers' report. whereas for general items the balance useful life and type of asset has been considered for estimation of liquidation value by the independent valuer.

b) Right of use assets (ROU) relating to leasehold land have been carried at cost as no loss is expected based on valuation report of an external independent valuer. Sales comparison method under market approach of valuation has been adopted by the valuer for estimating the fair value of land. In an active or open market, the identical type of land parcel with similar characteristics are used for valuation. In case of unavailability of direct comparable, relevant adjustments are carried out on available quotes or transaction details with consideration of different factors affecting values of land for estimating the fair value. In order to determine the value of land parcel actual sales instances in the area have been considered. The rate for the subject property has been arrived by adjusting the factor for elapsed lease, size of the property and applying liquidation discount in line with market norms. Liquidation value analysis is carried out in line with market experience and expertise. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. (also refer Note 35)

c) Write down adjustment to the carrying values of Stores and spares aggregating to Rs.12,988 [‘000] has been recognized in the books of account based on valuation report of an external independent valuer. Valuation of stores and spares has been carried out on the basis of following key assumptions:

- For spares of general plant and machinery scrap value is considered as per the expert valuation report. For spares related to specialised plant and machinery NIL value has been considered.

d) Other assets have been recognised at current realizable value as per the Management's current estimate and loss allowance aggregating Rs.1,580 (‘000) has been recognised during the year.

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

Future course of action, including upon proposed voluntary liquidation of the Company, for realisation of the Company's assets and discharging its liabilities might affect the classification and measurement of carrying values of assets and liabilities of the Company. Further adjustment, if any, will be made upon finalization of future course of action for realization of the Company's assets and discharging its liabilities.

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Note 37:

During the year, the Board approved two Voluntary Retirement Schemes, Voluntary Retirement Scheme 2020 (“VRS 2020”) and Voluntary Retirement Schemes 2021 (“VRS 2021”) for the Company's employees. The VRS 2020 was introduced on December 11, 2020 for its all permanent staff and workers including those on probation. This scheme was expired on December 21, 2020 and was accepted by 29 employees (Accepted Employees”). The said VRS 2020 scheme was not accepted by majority of employees and the Company wanted to achieve optimum level of manpower by reducing the existing workforce strength based on the organizational requirements and operational efficiency and cost reduction. Therefore, subsequently in January 2021 the Board approved and introduced a new Voluntary Retirement Scheme 2021 (“VRS 2021”) which contained enhanced compensation and benefits as agreed to between the Company and the Union, for all permanent staff and workers of the Company including those on probation excluding the Accepted Employees. However, as per terms of the VRS 2021, the Accepted Employees may be entitled to receive enhanced compensation and benefits as stated in the VRS 2021 in lieu of the benefits and compensation mentioned under the VRS 2020 subject to certain conditions. The VRS 2021 expired on January 25, 2020 and was accepted by 53 employees. Further, Accepted Employees have accepted conditions set out in the VRS 2021. Employee expenses for the year include Rs. 167,338 [‘000] towards Voluntary Retirement Scheme benefit and amount payable as at March 31, 2021 amounting to Rs. 22,939 [‘000] is included under ‘Other financial liabilities’ in note 12(c).

Note 38:

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 financial year 2016-17 the Company got necessary approvals from local authorities/executed necessary documents in relation to one set of properties accordingly transfer of the said flats in the name of buyer was completed and recognised income of Rs. 10,000 (‘000). The transfer of leasehold rights in second set of properties i.e. worker's flat was subject to necessary approval from the authorities. However, the Company had executed an

‘Agreement of Assignment’ (which is not registered with local authority due to non-availability of required documents) for transfer of Leasehold Rights and had also given possession of the said worker's flat in financial year 2016-17. In previous years the advance consideration for the worker's flat of Rs. 2,500 (‘000) had been disclosed under the head “Advance received against disposal of property, plant & equipment” under Other Current Liabilities in the financial statements.

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As the possession of these flats had already been transferred, therefore, in the year ended March 31,2021, income of Rs. 2,500 ('000) has been recognized and shown under the head "Net Gain on disposal of property, plant & equipment" under Other Income.

Note 39:

The Managing Director of the Company, Mr. Brijesh Arora, resigned w.e.f. December 10, 2020 and the vacancy caused due to his resignation was yet to be filled till closure of the financial year ended March 31, 2021. Therefore, the Company as on March 31, 2021 did not have any Executive Director on its board as required under the regulation 17(1)(a) of SEBI (Listing Obligations & Disclosure requirements) Regulations 2015. Further as per section 203 of the Companies Act, 2013 such vacancy is to be filled up within the period of six months from the date of such vacancy. Subsequent to the year end, the Board of Directors have appointed Mr.Vinod Paremal as the managing director of the Company in its meeting dated April 30, 2021 which is subject to approval by a resolution at the next general meeting of the company.

Note 40:

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.

Note 41:

The financial statements for the year ended March 31, 2021 are not prepared on going concern basis and considering this, various adjustments described in note 36 are included under the respective financial statement line items. However, the previous year figures are based on going concern, therefore the previous year figures are not comparable with current year figures.

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For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.: 304026E/E-300009

Sd/-
Charan S. Gupta
Partner
Membership No. 093044

Place : Gurugram
Date : May 31, 2021

For and on behalf of the Board of Directors of Insilco Limited

Sd/-
Sonia Prashar
Director
DIN: 06477222
Place: New Delhi

Sd/-
Paremal Narayanan Vinod
Managing Director
DIN: 08803466
Place: Mumbai

Sd/-
Shivangi Negi
Chief Financial Officer
Place: Noida

Sd/-
Swati Surhatia
Company Secretary
Place: New Delhi

Date : May 31, 2021