hindware

NEAPS/BSE ONLINE

29th August, 2018

The Corporate Relationship Dept.,
BSE Ltd.,
Phiroze Jeejeebhoy Towers,
1st Floor, New Trading Ring
Rotunda, Dalal Street,
Mumbai - 400 001.

Listing Department
National Stock Exchange of India Ltd.,
Exchange Plaza,
Plot No. C/1, Block-G,
Bandra-Kurla Complex,
Bandra (E) Mumbai - 400 051

Dear Sirs,

Sub: Notice of the National Company Law Tribunal Convened Meeting of the Company

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that by an order dated August 02, 2018 and as amended on August 16, 2018 ("Order") the Hon'ble National Company Law Tribunal, Kolkata Bench ("Tribunal") has directed meeting of the equity shareholders, secured creditors and unsecured creditors of HSIL Limited ("the Company") to be held on Saturday, September 29, 2018 at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata 700001 at 11:00 A.M., 1:00 P.M. and 1:30 P.M. respectively, for the purpose of considering, and if thought fit, approving with or without modification, the proposed composite scheme of arrangement between HSIL Limited, Somany Home Innovation Limied and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 ("Scheme").

The Company has provided Postal Ballot/ E-voting facility to enable the shareholders to vote on the resolutions proposed in the notice of the NCLT Convened meeting of the equity shareholders. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) for the purpose of providing e-voting facility to all its shareholders. The e-voting facility can be availed by logging on to CDSL's e-voting website www.evotingindia.com.The voting period for e-voting and postal ballot will commence on Thursday, August 30, 2018 at 9:00 A.M. and will end on Friday, September 28, 2018 at 5:00 P.M. The Company is also providing facility for voting by way of ballot/ polling papers at the meeting for the members attending the meeting who have not cast their vote by Postal Ballot/e-voting.

The Company has provided postal ballot facility to the secured and unsecured creditors of the Company in connection with the resolution proposed in the notice and also voting can be carried out through ballot/polling papers at the venue of the meetings.

We are enclosing herewith the copy of the notices of the aforesaid meetings. The said notices are also available on the Company's website www.hindwarehomes.com.

This is for your information and record.

For HSIL Limited

(Payal M Puri)
Company Secretary
Name: **Payal M. Puri**
Address: **301-302, 3rd Floor, Park Centra, Sector-30, NH-8, Gurugram-122001**
Membership No. **16068**

HSIL

HSIL LIMITED

CIN : L51433WB1960PLC024539
Registered Office : 2, Red Cross Place, Kolkata, West Bengal - 700 001, India
Tel. No. : 91-33-2248 7407 / 5668
E-mail : hsilinvestors@hindware.co.in, Website : www.hindwarehomes.com

MEETING OF THE EQUITY SHAREHOLDERS OF HSIL LIMITED

(convened pursuant to order dated August 02, 2018 and as amended on August 16, 2018 of the Hon'ble Kolkata Bench of the National Company Law Tribunal)

DETAILS OF THE MEETING:

Day	Saturday
Date	September 29, 2018
Time	11:00 A.M. (Indian Standard Time)
Venue	Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata 700 001

POSTAL BALLOT AND E-VOTING:

Commencing on	Thursday, August 30, 2018 at 9:00 A.M. (Indian Standard Time)
Ending on	Friday, September 28, 2018 at 5:00 P.M. (Indian Standard Time)

DOCUMENTS ENCLOSED:

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2.	Statement under Section 230(3) of the Companies Act, 2013 read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.	9-32
3.	Composite Scheme of Arrangement between HSIL Limited, Somany Home Innovation Limited, Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013, as filed before the Tribunal, enclosed as **ANNEXURE 1**.	33-80
4.	Order dated August 2, 2018 and as amended on August 16, 2018 passed by the Hon'ble Tribunal in Company Application (CAA) No. 649/KB/2018, enclosed as **ANNEXURE 2**.	81-105
5.	Valuation Report dated November 8, 2017 and revised Valuation Report dated December 11, 2017 (in accordance with the format prescribed by the BSE Limited), issued by Santosh K Singh & Co., Chartered Accountants, both enclosed as **ANNEXURE 3**.	106-144
6.	Fairness Opinion dated November 9, 2017 issued by Finshore Management Services Limited, a merchant banker registered with the Securities and Exchange Board of India, enclosed as **ANNEXURE 4**.	145-151
7.	Complaint Report submitted by HSIL Limited to the National Stock Exchange of India Limited on January 5, 2018, enclosed as **ANNEXURE 5**.	152-153
8.	Complaint Report submitted by HSIL Limited to BSE Limited on January 24, 2018, enclosed as **ANNEXURE 6**.	154
9.	Observation Letter dated April 23, 2018 issued by the National Stock Exchange of India Limited to HSIL Limited, enclosed as **ANNEXURE 7**.	155-156
10.	Observation Letter dated April 24, 2018 issued by BSE Limited to HSIL Limited, enclosed as **ANNEXURE 8**.	157-158

11.	Report adopted by the board of directors of HSIL Limited pursuant to Section 232(2)(c) of the Companies Act, 2013, enclosed as **ANNEXURE 9.**	159-160
12.	Report adopted by the board of directors of Somany Home Innovation Limited pursuant to Section 232(2)(c) of the Companies Act, 2013, enclosed as **ANNEXURE 10.**	161-162
13.	Report adopted by the board of directors of Brilloca Limited pursuant to Section 232(2)(c) of the Companies Act, 2013, enclosed as **ANNEXURE 11.**	163-164
14.	Audited financials of HSIL Limited as on March 31, 2018, enclosed as **ANNEXURE 12.**	165-196
15.	Audited financials of Somany Home Innovation Limited as on March 31, 2018, enclosed as **ANNEXURE 13.**	197-208
16.	Audited financials of Brilloca Limited as on March 31, 2018, enclosed as **ANNEXURE 14.**	209-220
17.	The applicable information of Somany Home Innovation Limited in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), as filed with the Stock Exchanges, enclosed as **ANNEXURE 15.**	221-230
18.	The applicable information of Brilloca Limited in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the SEBI ICDR, as filed with the Stock Exchanges, enclosed as **ANNEXURE 16.**	231-239
19.	Pre and post-Scheme, expected capital structure and shareholding pattern of HSIL Limited, Somany Home Innovation Limited and Brilloca Limited, respectively, enclosed as **ANNEXURE 17.**	240-242
20.	Auditor's certificates that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013, enclosed as **ANNEXURE 18.**	243-260
21.	Form of Proxy.	261-262
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24.	Postal Ballot Form with instructions and self-addressed postage pre-paid Business Reply Envelope.	Loose Leaf

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AT KOLKATA
CA (CAA) No. 649 / KB / 2018
(under Sections 230-232 of the Companies Act, 2013)

IN THE MATTER OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

AND

IN THE MATTER OF:

HSIL LIMITED, a company incorporated under the Companies Act, 1956, having its registered office at 2, Red Cross Place, Kolkata 700 001;
...Applicant Company 1/ Transferor Company

AND

SOMANY HOME INNOVATION LIMITED, a company incorporated under the Companies Act, 2013, having its registered office at 2, Red Cross Place, Kolkata 700 001;
...Applicant Company 2/ Transferee Company 1

AND

BRILLOCA LIMITED, a company incorporated under the Companies Act, 2013, having its registered office at 2, Red Cross Place, Kolkata 700 001.
...Applicant Company 3/ Transferee Company 2

NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF HSIL LIMITED

Notice is hereby given that by an order dated the 2nd day of August, 2018 and as amended on 16th August, 2018 ("Order") the Hon'ble National Company Law Tribunal, Kolkata Bench (**"Tribunal"**), has directed a meeting to be held of the equity shareholders of HSIL Limited **("Transferor Company")** for the purpose of considering, and if thought fit, approving with or without modification, the proposed composite scheme of arrangement between Transferor Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 (**"Scheme"**).

In pursuance of the said Order and as directed therein, further notice is hereby given that a meeting of the equity shareholders of the Transferor Company will be held at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata 700 001 on Saturday, the 29th day of September, 2018, at 11:00 A.M. (**"Meeting"**), at which day, time and place the said equity shareholders of the Transferor Company are requested to attend.

Copies of the said Scheme and of the statement under Section 230 of the Companies Act, 2013 read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 can be obtained free of charge on any day (except Saturday, Sunday and public holidays) at the registered office of the Transferor Company at 2, Red Cross Place, Kolkata 700 001. Persons entitled to attend and vote at the Meeting may vote in person, by proxy, through postal ballot or through electronic means, provided that all proxies in the prescribed form, duly completed and signed or authenticated by the concerned person, are deposited at the registered office of the Transferor Company as mentioned above not later than 48 hours before the scheduled time of the Meeting.

Forms of Proxy can be obtained free of charge on any day (except Saturday, Sunday and public holidays) at the registered office of the Transferor Company.

The Hon'ble Tribunal has appointed Mr. Somen Bose, Advocate, as the Chairperson of the Meeting, including for any adjournment(s) thereof. The Tribunal has also appointed Ms. Arti Vyas, practicing Company Secretary, as the Scrutinizer for the Meeting, including for any adjournment(s) thereof. The Scheme, if approved by the Meeting, will be subject to the subsequent approval of the Hon'ble Tribunal.

TAKE NOTICE that the following resolution is proposed under Section 230(3) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) **("Act")** and the provisions of the memorandum of association and the articles of association of HSIL Limited **("Transferor Company")**, for the purpose of considering, and if thought fit, approving, with or without modification(s), the proposed composite scheme of arrangement between the Transferor Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Act (**"Scheme"**).

*"**RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (**"Act"**), the applicable rules, circulars and notifications made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time, issued by the Securities and Exchange Board of India (to the extent applicable), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (to the extent applicable), the observation letter dated April 23, 2018 issued by the National Stock Exchange of India Limited and the observation letter dated April 24, 2018 issued by BSE Limited and subject to the provisions of the memorandum of association and the articles of association of HSIL Limited (**"Transferor Company"**) and subject to the approval of the Kolkata Bench of the Hon'ble National Company Law Tribunal (**"Tribunal"**) and subject to such other approvals, permissions and sanctions of any regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the board of directors of the Transferor Company (**"Board"**, which term shall be deemed to mean and include one or more committee(s) constituted/ to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), the composite scheme of arrangement between the Transferor Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Act (**"Scheme"**) as enclosed to the notice of the Tribunal convened meeting of the equity shareholders of the Transferor Company and placed before this meeting, be and is hereby approved.*

***RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to the preceding resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/ or conditions, if any, which may be required and/ or imposed by the Tribunal while sanctioning the Scheme or by any authorities under applicable law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and/ or making such adjustments in the books of accounts of the Transferor Company as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper."*

TAKE FURTHER NOTICE that pursuant to the provisions of Section 108 and Section 110 of the Act read with Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof), Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant laws and regulations, as may be applicable, the Transferor Company has provided the facility of postal ballot and e-voting. Accordingly, the equity shareholders may cast votes through postal ballot form or electronically (i.e. e-voting). The Transferor Company has engaged the services of Central Depository Services (India) Limited (**"CDSL"**) for the purpose of providing e-voting facility to the equity shareholders. The equity shareholders desiring to exercise their votes by postal ballot are requested to carefully read the instructions printed in the enclosed postal ballot form and in the notice and return the postal ballot form duly completed in the attached self-addressed, postage pre-paid business reply envelope, so as to reach the scrutinizer not later than 5:00 PM on Friday, September 28, 2018. If any postal ballot is received after 5:00 P.M. on Friday, September 28, 2018, it will be considered that no reply from the equity shareholder has been received. The equity shareholders desiring to exercise their vote by using e-voting facility are requested to carefully follow the instructions set out in the notes below under the heading "Voting through electronic means".

A copy of the statement under Section 230(3) of the Act read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (**"Rules"**) (**"Explanatory Statement"**), the Scheme and other enclosures including the Form of Proxy and the Attendance Slip are enclosed and form part of the notice.

Dated this 17th day of August, 2018.

For HSIL Limited

Sd/-
Somen Bose
(Chairperson appointed for the meeting)

Registered Office: 2, Red Cross Place, Kolkata - 700001.
CIN: L51433WB1960PLC024539.
Email: hsilinvestors@hlndware.co.in

NOTES

1. **ONLY AN EQUITY SHAREHOLDER OF THE TRANSFEROR COMPANY IS ENTITLED TO VOTE IN PERSON, BY PROXY, POSTAL BALLOT OR THROUGH ELECTRONIC MEANS.**

2. **AN EQUITY SHAREHOLDER OF THE TRANSFEROR COMPANY IS ENTITLED TO ATTEND AND VOTE AT THE TRIBUNAL CONVENED MEETING OF THE EQUITY SHAREHOLDERS ("MEETING"), EITHER IN PERSON OR BY PROXY OR THROUGH AN AUTHORIZED REPRESENTATIVE, AS THE CASE MAY BE. WHERE A BODY CORPORATE WHICH IS AN EQUITY SHAREHOLDER AUTHORISES ANY PERSON TO ACT AS ITS REPRESENTATIVE AT THE MEETING, A COPY OF THE RESOLUTION OF THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF SUCH BODY CORPORATE AUTHORISING SUCH PERSON TO ACT AS ITS REPRESENTATIVE AT THE MEETING, AND CERTIFIED TO BE A TRUE COPY BY A DIRECTOR, THE MANAGER, THE SECRETARY, OR OTHER AUTHORISED OFFICER OF SUCH BODY CORPORATE SHALL BE LODGED WITH THE TRANSFEROR COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.**

3. **AN EQUITY SHAREHOLDER IS ENTITLED TO ATTEND AND VOTE AT THE MEETING, EITHER IN PERSON OR BY PROXY OR THROUGH AN AUTHORIZED REPRESENTATIVE (IN CASE THE EQUITY SHAREHOLDER IS A BODY CORPORATE), AS THE CASE MAY BE. SUCH EQUITY SHAREHOLDER IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD AND ON BEHALF OF SUCH EQUITY SHAREHOLDER AND SUCH PROXY NEED NOT BE AN EQUITY SHAREHOLDER OF TRANSFEROR COMPANY. PROXIES TO BE VALID AND EFFECTIVE SHOULD BE IN THE PRESCRIBED FORM OF PROXY, DULY COMPLETED, STAMPED AND SIGNED OR AUTHENTICATED BY THE CONCERNED PERSON AND SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE TRANSFEROR COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.**

4. **PURSUANT TO SECTION 105 OF THE COMPANIES ACT, 2013 READ WITH RULE 19 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014, A PERSON CAN ACT AS PROXY ON BEHALF OF THE EQUITY SHAREHOLDERS NOT EXCEEDING 50 AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL EQUITY SHARE CAPITAL OF THE TRANSFEROR COMPANY CARRYING VOTING RIGHTS. AN EQUITY SHAREHOLDER HOLDING MORE THAN 10% OF THE TOTAL EQUITY SHARE CAPITAL OF THE TRANSFEROR COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR EQUITY SHAREHOLDER.**

5. An equity shareholder/ its proxy, attending the Meeting, is requested to bring the Attendance Slip duly completed and signed along with a copy of the deposited Form of Proxy (in case of a proxy). Equity shareholders holding shares in dematerialized form are requested to bring their Client Master List/ Depository Participant Statement/ Delivery Instruction Slip reflecting their Client ID and DP ID Number for easier identification of attendance at the Meeting.

6. In case of joint holders attending the Meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.

7. An equity shareholder (in case such equity shareholder is an individual) or the authorized representative of the equity shareholder (in case such equity shareholder is a body corporate) or the proxy should carry their valid and legible identity proof (i.e. a PAN Card/ Aadhaar Card/ Passport/ Driving License/ Voter ID Card). Additionally, an equity shareholder (in case such equity shareholder is a sole proprietorship) or the proxy should carry a valid document evidencing the individual as the proprietor of the sole proprietorship.

8. The notice, the Explanatory Statement together with the documents accompanying the same, are being sent through courier to all those equity shareholders who have not registered their email ID's with the Transferor Company and the Depository Participants and/or electronically by email to those equity shareholders who have registered their email ID's with the Transferor Company and/or the Depository Participants, whose names appear in the register of members/ list of beneficial owners as received from National Securities Depository Limited **("NSDL")** and Central Depository Services (India) Limited **("CDSL")** on August 17, 2018.

9. In terms of the directions contained in the Order, the quorum for the Meeting shall be in accordance with Section 103 of the Act. Further, in case the aforesaid quorum for the Meeting is not present within half an hour of the time appointed for the meeting, then the equity shareholders, present and voting (provided there is at least one shareholder present), shall be deemed to constitute the quorum. For the purposes of computing the quorum, the valid proxies shall also be considered.

10. In terms of Sections 230 to 232 of the Act, the Scheme shall be considered approved by the equity shareholders of the Transferor Company if the resolution mentioned in the notice has been approved at the Meeting by a majority in

number representing three-fourths in value of the equity shareholding of the Transferor Company, voting in person, by proxy, postal ballot or through electronic means.

11. In terms of the directions contained in the Order, the advertisement of the Meeting will be published in the "Financial Express" (Kolkata edition, in English) and "Aajkal" (Kolkata edition, in Bengali) indicating the day, date, place and time of the Meeting and stating that the copies of the Scheme, the Explanatory Statement and the Form of Proxy can be obtained free of charge on any day (except Saturday, Sunday and public holidays) from the registered office of the Transferor Company at 2, Red Cross Place, Kolkata - 700001.

12. It may be noted that the ballot / polling paper will be provided at the Meeting venue.

13. Pursuant to the provisions of Section 108 and Section 110 of the Act read with Rule 20 and Rule 22 of the Management and Administration Rules (as amended from time to time), Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI Listing Regulations"**) and other applicable provisions, if any, of the Act and of SEBI Listing Regulations, the Transferor Company will be offering postal ballot and e-voting facility to the shareholders to cast their votes (for or against) on the resolution set forth in the notice.

14. The voting rights of an equity shareholder shall be in proportion to such equity shareholder's equity shareholding in the Transferor Company as on August 17, 2018.

15. Kindly note that each equity shareholder can opt for only one mode for voting i.e. either by postal ballot or by e-voting. If you opt for e-voting, then please do not vote by postal ballot and vice versa. In case equity shareholders do cast their vote, via both modes i.e. postal ballot as well as e-voting, then voting done through e-voting shall prevail and postal ballot of that member shall be treated as invalid.

16. The E-Voting Sequence Number, User ID and Password along with the detailed instruction are set out below under the section "Voting through electronic means".

17. The voting rights for the purposes of postal ballot and e-voting shall be reckoned on the basis of the paid-up value of the equity shares registered in the name of the equity shareholders as on Friday, the 17th day of August, 2018 and a person who is not an equity shareholder on such date should treat the notice for information purposes only.

18. It is clarified that casting of votes by e-voting or postal ballot does not disentitle an equity shareholder from attending the Meeting. However, any equity shareholder who has voted through e-voting or postal ballot cannot vote at the Meeting.

19. The scrutinizer will submit his report to the chairperson after completion of the scrutiny of the postal ballot or e-votes and the ballot / polling paper submitted by the equity shareholders. The scrutinizer's decision on the validity of the votes shall be final. The results of the voting on the resolution set out in the notice shall be announced on or before Monday, October 1, 2018. The results of the voting along with the Scrutinizer's Report shall be displayed at the registered office of the Transferor Company situated at 2, Red Cross Place, Kolkata - 700001 and its website (www.hindwarehomes.com) and www.cdslindia.com, besides being communicated to the stock exchanges where the equity shares of the Transferor Company are listed, namely, the National Stock Exchange of India Limited and BSE Limited (collectively, the **"Stock Exchanges"**).

20. Kindly note that an equity shareholder can opt to vote either by postal ballot or physical ballot or e-voting. If you are opting to vote through one of the aforesaid modes, then do not vote by other mode.

21. The voting period for postal ballot and e-voting commences on Thursday, August 30, 2018 at 9:00 A.M. and ends on Friday, September 28, 2018 at 5:00 P.M. During this period, the equity shareholders holding equity shares either in physica form or in dematerialized form, as on August 17, 2018, being the cut-off date, may cast their vote (for or against) remotely. Once the vote on the resolution is cast by an equity shareholder, such equity shareholder will not be allowed to change it subsequently.

22. The Transferor Company is offering e-voting facility as an alternate, for all equity shareholders to enable them to cast their vote electronically instead of dispatching postal ballot. In case a member desires to exercise his vote by using e-voting facility then he has to carefully follow the instructions under the heading "Voting through Electronic Means".

VOTING THROUGH POSTAL BALLOT

23. A Postal Ballot Form along with self-addressed pre-paid Business Reply Envelope is enclosed in loose leaf form. The equity shareholders voting in physical form are requested to carefully read the instructions printed in the enclosed

Postal Ballot Form. The equity shareholders who have received the notice by e-mail and who wish to vote through Postal Ballot Form can download the Postal Ballot Form from the Transferor Company website (www.hindwarehomes.com) or seek a duplicate Postal Ballot Form from the Transferor Company. The equity shareholders who have not received the postal ballot form may apply to the Transferor Company and obtain a duplicate copy. Equity shareholders shall fill in the requisite details and send the duly completed and signed Postal Ballot Form in the enclosed self-addressed postage pre-paid Business Reply Envelope to the scrutinizer so as to reach the scrutinizer before 5:00 P.M. on Friday, September 28, 2018. Any Postal Ballot Form received after such period shall be treated as if the reply from the equity shareholder has not been received.

24. The Postal Ballot Form should be completed and signed by the equity shareholder (as per specimen signature registered with the Transferor Company and/or furnished by the depositories). In case, shares are jointly held, this form should be completed and signed by the first named member and, in his/ her absence, by the next named member. Holder(s) of power of attorney (**"PoA"**) on behalf of an equity shareholder may vote on the postal ballot mentioning the registration number of the PoA with the Transferor Company or enclosing a copy of the PoA authenticated by a notary. In case of equity shares held by companies, societies etc., the duly completed postal ballot form should be accompanied by a certified copy of the board resolution/ authorization giving the requisite authority to the person voting on the Postal Ballot Form.

25. Incomplete, unsigned, improperly or incorrectly tick marked Postal Ballot Forms will be rejected. There will be only one Postal Ballot Form for every registered folio/ client ID irrespective of the number of joint shareholders.

26. The vote on postal ballot cannot be exercised through proxy.

VOTING THROUGH ELECTRONIC MEANS

27. Shareholders should log on to the e-voting website: www.evotingindia.com and click on "Shareholders" tab and select "HSIL Limited" from the drop down menu and then click on "SUBMIT".

28. Thereafter, the shareholders should enter their user ID.

    (i) for CDSL: 16 digits beneficiary ID;

    (ii) for NSDL: 8 Character DP ID followed by 8 Digits Client ID; and

    (iii) for Physical Form: members should enter Folio Number registered with the Company.

29. Next enter the image verification as displayed and click on "Login".

30. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

31. If you are a first time user follow the steps given below:

For Members holding shares in demat form and physical form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). • Members who have not updated their PAN with the Transferor Company / depository participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. The sequence number is provided on the Postal Ballot Form. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the date of birth as recorded in your demat account or in Transferor Company's records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the dividend bank details as recorded in your demat account or in Transferor Company's records for the said demat account or folio. Please enter the DOB or dividend bank details in order to login. If the details are not recorded with the depository or Transferor Company please enter the member id/ folio number in the dividend bank details field.

32. After entering these details appropriately, click on "SUBMIT" tab.

33. Members holding shares in physical form will then directly reach Transferor Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

34. For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.

35. Click on the EVSN for the relevant "HSIL Limited" on which you choose to vote.

36. On the voting page, you will see "Resolution Description" and against the same the option "Yes/No" for voting. Select the option yes or no as desired. The option "Yes" implies that you assent to the resolution and option "No" implies that you dissent to the resolution.

37. Click on the "Resolutions File Link" if you wish to view the entire resolution details.

38. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "Cancel" and accordingly modify your vote.

39. Once you "Confirm" your vote on the resolution, you will not be allowed to modify your vote.

40. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

41. If demat account holder has forgotten the same password then enter the user ID and the image verification code and click on "Forgot Password" and enter the details as prompted by the system.

42. Note for Institutional Shareholders

    (i) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as corporates;

    (ii) A scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com;

    (iii) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on;

    (iv) The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote;

    (v) A scanned copy of the board resolution and power of attorney which they have issued in favour of the custodian, if any, should be uploaded in pdf format in the system for the scrutinizer to verify the same.

43. In case you have any queries or issues regarding e-voting, you may refer the frequently asked questions ("**FAQs**") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Arghya Majumdar, Assistant Manager, CDSL, Horizon, 2nd Floor, 57, J L Nehru Road, Kolkata 700 071, at email ID: arghyam@cdslindia.com or contact at Ph. 033-22821361.

44. The scrutinizer shall on the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Transferor Company and will prepare and submit, a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairperson of the Meeting.

45. The results declared along with the scrutinizer's report will be available on the website of the Transferor Company (www.hindwarehomes.com) and on website of CDSL (www.cdslindia.com) and shall be communicated to the Stock Exchanges.

46. All documents referred to in the notice and the accompanying Explanatory Statement will be available for inspection by the equity shareholders at the registered office of the Transferor Company on all days, except Saturday, Sunday and public holidays, between 3.00 P.M. to 5.00 P.M., up to the date of the Meeting.

47. Any queries/grievances in relation to notice may be addressed to the company secretary of the Transferor Company through e-mail: hsilinvestors@hindware.co.in. The company secretary of the Transferor Company can also be contacted at 033-22487407/5668.

Enclosures: As above

STATEMENT UNDER SECTION 230(3) OF THE COMPANIES ACT, 2013 READ WITH RULE 6(3) OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 TO THE NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF HSIL LIMITED

1. This statement is being furnished pursuant to Section 230(3) of the Companies Act, 2013 ("**Act**") and Rule 6(3) of the Companies(Compromises, Arrangements and Amalgamations) Rules,2016 ("**Rules**")("**Explanatory Statement**").

2. Pursuant to the order dated August 2, 2018 and as amended on August 16, 2018, passed by the Hon'ble Bench of the National Company Law Tribunal at Kolkata ("**Tribunal**") in Company Application (CAA) No. 649/KB/2018 ("**Order**"), a meeting of the equity shareholders of HSIL Limited ("**Transferor Company**") is being convened at 11:00 A.M. on Saturday, the 29th day of September, 2018 at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata - 700 001 ("**Meeting**") for the purpose of considering and, if thought fit, approving with or without modification(s), the composite scheme of arrangement between Transferor Company, Somany Home Innovation Limited ("**Transferee Company 1**") and Brilloca Limited ("**Transferee Company 2**") (collectively referred to as "**Companies**") and their respective shareholders and creditors under Sections 230 to 232 of the Act ("**Scheme**"). The Scheme as filed before the Tribunal is enclosed as **ANNEXURE 1**. Please refer to Paragraphs 49 and 50 of this Explanatory Statement for the rationale and salient features of the Scheme.

3. The proposed Scheme was placed before the Audit Committee of the Transferor Company ("**HSIL Audit Committee**") at its meeting held on November 10, 2017. On the basis of its evaluation and independent judgment and consideration of the valuation report (containing the share entitlement ratio) dated November 8, 2017, issued by Santosh K Singh & Co., Chartered Accountants and the fairness opinion dated November 9, 2017 issued to the Transferor Company by Finshore Management Services Limited, a merchant banker registered with the Securities and Exchange Board of India ("**SEBI**"), the HSIL Audit Committee approved and recommended the Scheme to the board of directors ("**Board**") of the Transferor Company.

4. The Board of the Transferor Company, based on the independent recommendation of the HSIL Audit Committee, approved the Scheme vide resolution dated November 10, 2017. The following directors voted on the resolution passed by the Board of the Transferor Company on November 10, 2017: (i) Dr. Rajendra Kumar Somany, (ii) Mr. Sandip Somany, (iii) Ms. Sumita Somany, (iv) Mr. V.K. Bhandari, (v) Mr. N.G. Khaitan, (vi) Dr. Rainer S. Simon, (vii) Mr. Salil Bhandari, and (viii) Mr. G.L. Sultania. Mr. Ashok Jaipuria took a leave of absence.

5. The Board of Transferee Company 1 approved the Scheme vide resolution dated November 10, 2017. The following directors voted on the resolution passed by the Board of Transferee Company 1 on November 10, 2017: (i) Mr. Sandip Somany, and (ii) Mr. G.L. Sultania. Mr. Niranjan Kumar Goenka took a leave of absence.

6. The Board of Transferee Company 2 approved the Scheme vide resolution dated November 10, 2017. The following directors voted on the resolution passed by the Board of Transferee Company 2 on November 10, 2017: (i) Mr. Sandip Somany, and (ii) Mr. G.L. Sultania. Mr. Niranjan Kumar Goenka took a leave of absence.

7. The Scheme is presented under Sections 230 to 232 and other applicable provisions of the Act read with Section 2(19AA) and other applicable provisions of the Income-tax Act, 1961, for the transfer by way of demerger of:

   (i) the CPDM Undertaking (as defined under Paragraph 4.1(i) in Part A of the Scheme) and the Retail Undertaking (as defined under Paragraph 4.1(v) in Part A of the Scheme) from the Transferor Company, and transfer and vesting of each of them, as a going concern, to Transferee Company 1; and

   (ii) the BPDM Undertaking (as defined under Paragraph 4.1(g) in Part A of the Scheme) from the Transferor Company and transfer and vesting of the same, as a going concern, to Transferee Company 2; and

   various other matters consequential or otherwise integrally connected therewith.

8. In terms of Sections 230 to 232 of the Act, the Scheme shall be considered approved by the equity shareholders of the Transferor Company if the resolution mentioned in the notice has been approved at the Meeting by a majority in number representing three-fourths in value of the equity shareholding of the Transferor Company, voting in person, by proxy, through postal ballot or through electronic means.

DETAILS OF THE TRANSFEROR COMPANY AS PER RULE 6(3) OF THE RULES

9. Details of the Transferor Company:

HSIL Limited (Transferor Company)	
Corporate Identification No. (CIN)	L51439WB1960PLC024539
Permanent Account No. (PAN)	AAACH7564H
Incorporation Date	February 8, 1960
Type of Company	Public Limited Company
Registered Office Address	2, Red Cross Place, Kolkata, West Bengal 700 001, India.
Email	hsilinvestors@hindware.co.in
Stock Exchange(s) where securities of the Transferor Company are listed	(i) BSE Limited; and (ii) National Stock Exchange of India Limited

10. Summary of the main objects as per the memorandum of association of the Transferor Company:

The main objects of the Transferor Company are set out under Clause III of its memorandum of association, which are as under:

"To Produce, manufacture, refine prepare import, export, purchase, sell, treat and generally to deal in all kinds of Sanitaryware (including sanitaryware made of plastic, fibreglass or any other synthetic product), earthenware, stoneware, glass, china, terra cotta. procelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and building materials generally.

To produce, manufacture, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of cement (ordinary white coloured portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, gardenwares etc.)

To carry on the business of paiviours and manufacturers of and dealers in fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terra cotta and ceramic wares and sanitarywares.

To carry on in India or elsewhere any trade business manufacture or commence and the export and import of all kinds of produce and merchandise and also business as agents, brokers, factors, financiers, shippers, manufacturers, planters, contractors, engineers, dealers, shipowners, lightermen, carriers by land and sea, dockowners wharfingers and warehousemen.

To set up, establish, acquire or take on lease any factory, quarries, mines, workshop and other works.

To develop and turn to account any land acquired by the Company or in which the Company is interested and in particular by laying out and preparing the same for building purposes constructing, altering, pulling down decorating, maintaining, furnishing, fitting up and improving buildings and by planting paving, draining, farming, cultivating letting on building lease or building agreement, and by advancing money to and entering into contracts and arrangement of all kinds with builders, tenants and others.

To construct, maintain, improve, develop work, control and manage any waterworks, gasworks, reservoirs, roads, tramways, electric power, heat and light supply works, telephone works, hotels, clubs, restaurants, baths, places of worship, places of amusement, pleasure grounds, parks, gardens, reading rooms, stores, shops, dairies and other works and conveniences which the Company may think directly or indirectly conducive to these object and to contribute or otherwise assist or take part in the construction maintenance, development, working, control and management thereof.

To carry on the business of designer, manufacturers, suppliers, dealers of any erectors of machinery, appliances, equipment components and ancilliaries of all kinds and parts thereof for manufacturing making or designing or for being used in manufacturing of Sanitaryware, ceramics of all kinds, glasses of all kinds and bottles of all kinds and to act as consultants or advisers in respect of any of the aforesaid.

To carry on the business of manufacturers of and dealers in sheet glass, plate glass, crystal glass, wired glass, figured glass, pressed glass, hard glass, safety glass, neutral glass, safety and laminated glass, pyrex glass, optical

glass, foam glass, mercury coated glass, heat resisting glass, borosilicate glass, plastic container, cathedral and reeded glass, mineral and wool fibre glass, glass & ceramic colour scientific, opthalmic, cinematographic lenses, photographic and X-ray plates and instruments, mirrors, thermoflasks, thermometers, laboratory apparatus and equipments and glass for other scientific purposes, glass bricks, tiles and building blocks, glass hollow-ware, syringes, bottles, jars, phials, vials, ampoules syringes glass, wool insulation, glass textile yarns, glass staple tissues and fibre glasses of all kinds, glass eyes, buttons, bubles, false pearls, tumblers, chimneys, vases, gas and electric shades and globes and all other kinds of blown, pressed and other glass articles.

To engage in and carry on all or any of the business of designers, engineers, manufacturers, consultants, advisers, assessors, surveyors, draftsmen, inspectors and dealers of and in feeders, lehrs stackers, conveyors, fire finishing machines, ACL printing machines, inspection equipment and ancillary machines and equipment.

To carry on the business of leasing and hire purchase finance and to provide on lease or on hire purchase all types of industrial and office plant equipment machinery, vehicles and buildings.

To carry on the trade or business of Producers, Manufactures, Importers, Exporters, Dealers, Stockists, Buyers, Sellers of Pipes, Jointing, Fittings, Injection/Blow Moulding items, Toys and other articles, Containers, Bottles, Packing Materials, Packing Sheets, Tubing by use of natural and synthetic Fibres and/or processed out of and/or by use of PVC/High Density Polyethylene/Low Density Polyethylene/ Polystyrene.

To carry on any other business manufacturing or otherwise may seem to the Company capable of being conveniently carried on and to deal in all kinds of goods and merchandise, machinery, apparatus and materials.

To manufacture, process, import, export, buy, sell and deal in all kinds of Kitchen Products like Kitchen-Sinks, Chimneys, Hobs, Kitchen Appliances, and Faucets including Chromium-plated Fittings, Bath Tubs & Whirlpools, Shower Enclosures, Home Appliances, Furnitures of all kinds, Electrical Products like Lamps etc., Decorative Materials, and Building Chemicals.

To acquire and undertake all or any part of the business, property and liability of any person or company carrying on any business which this Company is authorised to carry on or possessed of property suitable for the purpose of the Company.

To invest and deal with moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined."

11. **Main business carried on by the Transferor Company:**

The Transferor Company is presently inter alia engaged in the business of manufacturing, preparing, buying, selling, importing, exporting, trading and otherwise dealing in all kinds of building products (sanitaryware, faucets, tiles, other lifestyle products, UPVC and CPVC pipes, fittings, etc.), consumer products, glass packaging products, plastic packaging material, security caps and closures, wind power generation and retail business for home interior solutions.

12. **Details of change of name of the Transferor Company during the last five years:** The Transferor Company was incorporated on February 8, 1960, under the name 'Hindusthan Twyfords Limited'. Subsequently, the name of the Transferor Company was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of the Transferor Company. There has been no change in the name of the Transferor Company during the last five years.

13. **Details of change in registered office of the Transferor Company during the last five years:** There has been no change in the registered office of the Transferor Company during the last five years.

14. **Details of change in objects of the Transferor Company during the last five years:** The following Clause 7E was inserted in the main objects of the Transferor Company, in terms of the Order dated January 9, 2014, made over to the Transferor Company on March 13, 2014, by the Hon'ble High Court of Calcutta, while approving a Scheme of Amalgamation of erstwhile Garden Polymers Private Limited with the Transferor Company.

"To carry on the trade or business of Producers, Manufactures, Importers, Exporters, Dealers, Stockists, Buyers, Sellers of Pipes, Jointing, Fittings, Injection/Blow Moulding items, Toys and other articles, Containers, Bottles, Packing Materials, Packing Sheets, Tubing by use of natural and synthetic Fibres and/or processed out of and/or by use of PVC/High Density Polyethylene/Low Density Polyethylene/Polystyrene."

15. **Details of the capital structure of the Transferor Company including authorized, issued, subscribed and paid-up share capital:**

Authorised Share Capital as on July 31, 2018	**Amount (in Rs.) (in lakhs)**
11,12,50,000 Equity Shares of Rs. 2 each	2225.00
Total	**2225.00**
Issued, Subscribed and Paid-up Share Capital on July 31, 2018	**Amount (in Rs.) (in lakhs)**
7,22,96,395 Equity Shares of Rs. 2 each	1445.93
Add: Forfeited Share Capital	0.04
Total	**1445.97**

Please refer to **ANNEXURE 17** for details regarding the pre and post-arrangement, expected capital structure and shareholding pattern of each of the Companies.

16. **Names of the promoters of the Transferor Company as on July 31, 2018 along with their addresses**

S. No.	Name of the Promoter	Address
1.	Dr. Rajendra Kumar Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
2.	Mr. Sandip Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
3.	Ms. Sumita Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
4.	Ms. Divya Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
5.	Mr. Shashvat Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
6.	Paco Exports Limited	2, Red Cross Place, Kolkata 700 001
7.	Soma Investments Limited	2, Red Cross Place, Kolkata 700 001
8.	New Delhi Industrial Promotors and Investors Limited	2, Red Cross Place, Kolkata 700 001
9.	Matterhorn Trust	2, Red Cross Place, Kolkata 700 001

17. **Names of the directors of the Transferor Company as on July 31, 2018 along with their addresses:**

S. No.	Name of the Director and Designation	Address
1.	Dr. Rajendra Kumar Somany, Chairman and Managing Director and KMP	B-5/12, Safdarjang Enclave, New Delhi 110 029
2.	Mr. Sandip Somany, Vice Chairman and Managing Director and KMP	B-5/12, Safdarjang Enclave, New Delhi 110 029
3.	Mrs. Sumita Somany, Non Executive Non Independent Director	B-5/12, Safdarjang Enclave, New Delhi 110 029
4.	Mr. Ashok Jaipuria, Independent Director	1/27, Shantiniketan New Delhi 110 021
5.	Mr. Vijay Kumar Bhandari, Independent Director	1704, Wallace Apts., Sleater Road, Grant Road West, Grant Road, Mumbai 400 007
6.	Mr. Girdhari Lal Sultania, Non Executive Non Independent Director	2, Rowland Road, Kolkata 700 020
7.	Mr. Nand Gopal Khaitan, Independent Director	3, Queens Park, Ballygunge, Kolkata 700 019
8.	Dr. Rainer S. Simon, Independent Director	Nolteweg 2, 30916 Isernhagen, NA DE
9.	Mr. Salil Bhandari, Independent Director	A-42, Ground Floor, Block-A, Chittranjan Park, Kalkaji, South Delhi, New Delhi - 110 019

18. **The date of the board meeting at which the Scheme was approved by the Board of the Transferor Company including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:**

The Scheme was unanimously approved by the Board of the Transferor Company on November 10, 2017. The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

S. No.	Name of the Directors	Address
1.	Dr. Rajendra Kumar Somany	Favour
2.	Mr. Sandip Somany	Favour
3.	Mrs. Sumita Somany	Favour
4.	Mr. Ashok Jaipuria	Leave of Absence
5.	Mr. Vijay Kumar Bhandari	Favour
6.	Mr. Girdhari Lal Sultania	Favour
7.	Mr. Nand Gopal Khaitan	Favour
8.	Dr. Rainer S. Simon	Favour
9.	Mr. Salil Bhandari	Favour

19. As on July 31, 2018, the amount due to the unsecured creditors of the Transferor Company is Rs. 6,433,627,461.

20. **Disclosure about effect of the Scheme on material interests of directors, key managerial personnel, debenture trustee and other stakeholders of the Transferor Company:**

S. No.	Category of Stakeholders	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company (**"New Equity Shares"**). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation. The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company whose name is recorded in the register of members of the Transferor Company as holding shares as of the Record Date.
2.	Promoter	Please refer to S. No. 1 above regarding effect of the Scheme on the shareholders of the Transferor Company.
3.	Non-Promoter Shareholders	
4.	Key Managerial Personnel ("KMPs")/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of the Transferor Company.

5.	Creditors/ Debenture Holders	The Scheme is expected to be in the best interests of the creditors of the Transferor Company. There are no debenture holders in the Transferor Company.
6.	Depositors/ Deposit Trustee	The Transferor Company does not have any depositors or deposit trustee.
7.	Debenture Trustee	The Transferor Company has not issued any debentures.
8.	Employees	(a) Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits. (b) Upon the Scheme becoming effective, all employees of the BPDM Undertaking shall be deemed to have become employees of Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

21. Disclosure about the effect of the Scheme on the material interests of directors and key managerial personnel of the Transferor Company:

None of the "Directors" (as defined under the Act), the "Key Managerial Personnel" (as defined under the Act) of the Transferor Company and their respective "Relatives" (as defined under the Act) have any interests, financial or otherwise in the Scheme except to the extent of shareholding in the Companies as set out below and/or to the extent the said Directors/ Key Managerial Personnel of the Transferor Company are directors on the board of/ key managerial personnel of Transferee Company 1 and Transferee Company 2 as set out below:

Details as on July 31, 2018				
Sl. No.	**Name / Designation**	**No. of shares held in the Transferor Company**	**No. of shares held in Transferee Company 1**	**No. of shares held in Transferee Company 2**
1.	Dr. Rajendra Kumar Somany, Chairman and Managing Director and KMP	30,80,000	-	1*
2.	Mr. Sandip Somany, Vice Chairman and Managing Director and KMP	22,83,563	1*	-
3.	Mrs. Sumita Somany, Non Executive Non Independent Director	1,61,000	-	-
4.	Mr. Ashok Jaipuria, Independent Director	-	-	-
5.	Mr. Vijay Kumar Bhandari, Independent Director	-	-	-
6.	Mr. Girdhari Lal Sultania, Non Executive Non Independent Director	705	1*	1*

7.	Mr. Nand Gopal Khaitan, Independent Director	132	-	-
8.	Dr. Rainer S. Simon, Independent Director	-	-	-
9.	Mr. Salil Bhandari, Independent Director	-	-	-
10.	Mr. Sandeep Sikka, Chief Financial Officer	-	-	-
11.	Ms. Payal M Puri, Company Secretary	-	-	-

(*) shares held as nominee

Details as on July 31, 2018				
Sl. No.	**Name of Director / KMP**	**Designation in the Transferor Company**	**Designation In Transferee Company 1**	**Designation In Transferee Company 2**
1.	Dr. Rajendra Kumar Somany	Chairman and Managing Director and KMP	-	-
2.	Mr. Sandip Somany	Vice Chairman and Managing Director and KMP	Director	Director
3.	Mrs. Sumita Somany	Non Executive Non Independent Director	-	-
4.	Mr. Ashok Jaipuria	Independent Director	-	-
5.	Mr. Vijay Kumar Bhandari	Independent Director	-	-
6.	Mr. Girdhari Lal Sultania	Non Executive Non Independent Director	Director	Director
7.	Mr. Nand Gopal Khaitan	Independent Director	-	-
8.	Dr. Rainer S. Simon	Independent Director	-	-
9.	Mr. Salil Bhandari	Independent Director	-	-
10.	Mr. Sandeep Sikka	Chief Financial Officer	-	-
11.	Ms. Payal M Puri	Company Secretary	-	-

DETAILS OF TRANSFEREE COMPANY 1 AS PER RULE 6(3) OF THE RULES

22. Details of Transferee Company 1:

Sonay Home Innovation Limited (Transferee Company 1)	
Corporate Identification No. (CIN)	U74999WB2017PLC222970
Permanent Account No. (PAN)	AAZCS2853D
Incorporation Date	September 28, 2017
Type of Company	Public Limited Company
Registered Office Address	2, Red Cross Place, Kolkata, West Bengal 700 001, India
Email	ngoenka@hindware.co.in
Stock Exchange(s) where securities of Transferee Company 1 are listed	Not applicable as the shares of Transferee Company 1 are not listed.

23. **Summary of the main objects as per the memorandum of association of Transferee Company 1:**

The main objects of Transferee Company 1 are set out under Clause 3(a) of its memorandum of association, which are as under:

"To import, export, buy, sell, process, manufacture and deal in all kinds of Kitchen Products like Kitchen-Sinks, Chimneys, Hobs, Kitchen Appliances, and Faucets including Chromium-plated Fittings, Bath Tubs & Whirlpools, Shower Enclosures, Home Appliances, Furnitures of all kinds, Electrical Products like Air Purifier, Water Purifier, Air Cooler, Water Heater Lamps etc., Decorative Materials, and Building Chemicals and also products like fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, Hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)

To carry on any other business which may seem to the Company capable of being conveniently carried on and to deal in all kinds of goods and merchandise, machinery, apparatus and materials.

To carry on in India or elsewhere any trade business and the export and import of all kinds of produce and merchandise and also business as agents, brokers, factors, financiers, shippers, manufacturers, planters, contractors, engineers, dealers, ship owners, lighter men, carriers by land and sea, dock owners wharfingers and warehouse men.

To carry on the business of paviors of and dealers in fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, Hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta and ceramic wares and sanitary wares.

To Produce, refine, prepare import, export, purchase, sell, treat and generally to deal in all kinds of Sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta. Porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and building materials generally.

To produce, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)"

24. **Main business carried on by Transferee Company 1:**

Transferee Company 1 is authorised by its memorandum of association to inter alia carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances, and faucets including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials, and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.).

At present, Transferee Company 1 does not carry on any business activity. On coming into effect of the Scheme, Transferee Company 1 will engage in, and carry on, the business of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Transferor Company.

25. **Details of change of name of Transferee Company 1 during the last five years:** There has been no change in the name of Transferee Company 1 since its incorporation on September 28, 2017.

26. **Details of change in registered office of Transferee Company 1 during the last five years:** There has been no change in the registered office of Transferee Company 1 since its incorporation on September 28, 2017.

27. **Details of change in objects of Transferee Company 1 during the last five years:** There has been no change in the objects of Transferee Company 1 since its incorporation on September 28, 2017.

28. **Details of the capital structure of Transferee Company 1 including authorized, issued, subscribed and paid-up share capital:**

The authorised, issued, subscribed and paid-up share capital of Transferee Company 1, as on July 31, 2018 is as under:

Authorised Share Capital as on July 31, 2018	**Amount (In Rs.) (in lakhs)**
50,00,000 Equity Shares of Rs. 2 each	100.00
Total	**100.00**
Issued, Subscribed and Paid-up Share Capital as on July 31, 2018	**Amount (In Rs.) (in lakhs)**
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**

Please refer to **ANNEXURE 17** for details regarding the pre and post-arrangement, expected capital structure and shareholding pattern of each of the Companies.

29. **Names of the promoters of Transferee Company 1 as on July 31, 2018 along with their addresses:**

Sl. No.	Name of the Promoter	Address
1.	HSIL Limited	2, Red Cross Place, Kolkata, West Bengal 700 001, India

30. **Names of the directors of Transferee Company 1 as on July 31, 2018 along with their addresses:**

Sl. No.	Name	Address
1.	Mr. Sandip Somany	B-5/12, Safdarjang Enclave, New Delhi - 110 029
2.	Mr. Girdhari Lal Sultania	2, Rowland Road, Kolkata - 700 020
3.	Mr. Niranjan Kumar Goenka	Prasad Exotica, Block-VI, Flat No.2F, 2nd Floor, 71/3, Canal Circular Road, Kolkata - 700 054

31. **The date of the board meeting at which the Scheme was approved by the Board of Transferee Company 1 including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:**

The Scheme was unanimously approved by the Board of Transferee Company 1 on November 10, 2017. The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

Sl. No.	Name of the Directors	Votes
1.	Mr. Sandip Somany	Favour
2.	Mr. Girdhari Lal Sultania	Favour
3.	Mr. Niranjan Kumar Goenka	Leave of Absence

32. As on March 31, 2018 and also as on July 31, 2018, the amount due to the unsecured creditor of Transferee Company 1 is Rs. 6,00,000/-.

33. **Disclosure about effect of the Scheme on material interests of directors, key managerial personnel, debenture trustee and other stakeholders of Transferee Company 1:**

S. No.	Category of Stakeholders	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company (**"New Equity Shares"**).

		Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation. The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company whose name is recorded in the register of members of the Transferor Company as holding shares as of the Record Date.
2.	Promoter	Please refer to S. No. 1 above regarding effect of the Scheme on the shareholders of the Transferor Company.
3.	Non-Promoter Shareholders	
4.	Key Managerial Personnel ("**KMPs**")/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of the Transferee Company 1.
5	Creditors/ Debenture Holders	The Scheme is expected to be in the best interests of the creditor of Transferee Company 1. There are no debenture holders in Transferee Company 1.
6	Depositors/ Deposit Trustee	Transferee Company 1 does not have any depositors or any deposit trustee.
7.	Debenture Trustee	Transferee Company 1 has not issued any debentures.
8.	Employees	Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

34. Disclosure about the effect of the Scheme on the material interests of directors and key managerial personnel of Transferee Company 1:

None of the "Directors" (as defined under the Act), the "Key Managerial Personnel" (as defined under the Act) of Transferee Company 1 and their respective "Relatives" (as defined under the Act) have any interests, financial or otherwise in the Scheme except to the extent of shareholding in the Companies as set out below and/or to the extent the said directors/ key managerial personnel of Transferee Company 1 are directors on the board of/ key managerial personnel of the Transferor Company and Transferee Company 2 as set out below:

Details as on July 31, 2018				
Sl. No.	**Name / Designation**	**No. of shares held in the Transferee Company 1**	**No. of shares held in Transferor Company**	**No. of shares held in Transferee Company 2**
1.	Mr. Sandip Somany, Director	1*	22,83,563	-
2.	Mr. Girdhari Lal Sultania, Director	1*	705	1*
3.	Mr. Niranjan Kumar Goenka, Director	1*	-	1*

(*) Shares held as nominee.

Details as on July 31, 2018				
Sl. No.	**Name of Director / KMP**	**Designation in the Transferor Company 1**	**Designation in the Transferor Company**	**Designation in Transferee Company 2**
1.	Mr. Sandip Somany	Director	Vice Chairman and Managing Director and KMP	Director
2.	Mr. Girdhari Lal Sultania	Director	Non Executive Non Independent Director	Director
3.	Mr. Niranjan Kumar Goenka	Director	General Manager (Finance)	Director

DETAILS OF TRANSFEREE COMPANY 2 AS PER RULE 6(3) OF THE RULES

35. Details of Transferee Company 2:

Brilloca Limited (Transferee Company 2)	
Corporate Identification No. (CIN)	U74999WB2017PLC223307
Permanent Account No. (PAN)	AAHCB5089L
Incorporation Date	November 2, 2017
Type of Company	Public Limited Company
Registered Office Address	2, Red Cross Place, Kolkata, West Bengal 700 001, India
Email	ngoenka@hindware.co.in
Stock Exchange(s) where securities of the Transferor Company are listed	Not applicable as the shares of Transferee Company 2 are not listed.

36. Summary of the main objects as per the memorandum of association of Transferee Company 2:

The main objects of Transferee Company 2 are set out under Clause 3(a) of its memorandum of association, which are as under:

"To import, export, produce, refine, buy, sell, process, manufacture and deal in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta. Porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and Faucets including Chromium-plated Fittings, Bath Tubs & Whirlpools, Shower Enclosures, Home Appliances, Electrical Products , Decorative Materials, and Building Chemicals and also products like fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, Hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)

To carry on any other business which may seem to the Company capable of being conveniently carried on and to deal in all kinds of goods and merchandise, machinery, apparatus and materials.

To carry on in India or elsewhere any trade business and the export and import of all kinds of produce and merchandise and also business as agents, brokers, factors, financiers, shippers, manufacturers, planters, contractors, engineers, dealers, ship owners, lighter men, carriers by land and sea, dock owners wharfingers and warehouse men.

To carry on the business of paviors of and dealers in fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, Hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta and ceramic wares and sanitary wares.

To produce, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)

To impart various kind of services including accounting, human resource, consulting, procurement etc."

37. **Main business carried on by Transferee Company 2:**

Transferee Company 2 is authorised by its memorandum of association to inter alia carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

At present, Transferee Company 2 does not carry on any business activity. On coming into effect of the Scheme, Transferee Company 2 will engage in, and carry on, the business of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Transferor Company.

38. **Details of change of name of Transferee Company 2 during the last five years:** There has been no change in the name of Transferee Company 2 since its incorporation on November 2, 2017.

39. **Details of change in registered office of Transferee Company 2 during the last five years:** There has been no change in the registered office of Transferee Company 2 since its incorporation on November 2, 2017.

40. **Details of change in objects of Transferee Company 2 during the last five years:** There has been no change in the objects of Transferee Company 2 since its incorporation on November 2, 2017.

41. **Details of the capital structure of Transferee Company 2 including authorized, issued, subscribed and paid-up share capital:**

Authorised Share Capital as on July 31, 2018	**Amount (in Rs.) (In lakhs)**
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**
Issued, Subscribed and Paid-up Share Capital as on July 31, 2018	**Amount (in Rs.) (in lakhs)**
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**

Please refer to **ANNEXURE 17** for details regarding the pre and post-arrangement, expected capital structure and shareholding pattern of each of the Companies.

42. **Names of the promoters of Transferee Company 2 as on July 31, 2018 along with their addresses:**

Sl. No.	Name of the Promoter	Address
1.	Somany Home Innovation Limited	2, Red Cross Place, Kolkata, West Bengal 700 001, India

43. **Names of the directors of Transferee Company 2 as on July 31, 2018 along with their addresses:**

Sl. No.	Name	Address
1.	Mr. Sandip Somany, Director	B-5/12, Safdarjang Enclave, New Delhi 110 029
2.	Mr. Girdhari Lal Sultania, Director	2, Rowland Road, Kolkata 700 020
3.	Mr. Niranjan Kumar Goenka, Director	Prasad Exotica, Block-VI, Flat No.2F, 2nd Floor, 71/3, Canal Circular Road, Kolkata 700 054

44. The date of the board meeting at which the Scheme was approved by the Board of Transferee Company 2 including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:

The resolution dated November 10, 2017 approving the Scheme was unanimously voted in favour by all the directors of Transferee Company 2 who were present at the said meeting. The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

Sl. No.	Name of the Directors	Votes
1.	Mr. Sandip Somany	Favour
2.	Mr. Girdhari Lal Sultania	Favour
3.	Mr. Niranjan Kumar Goenka	Leave of Absence

45. As on March 31, 2018 and also as on July 31, 2018, there are no unsecured creditors of Transferee Company 2.

46. Disclosure about effect of the Scheme on material interests of directors, key managerial personnel, debenture trustee and other stakeholders of Transferee Company 2:

S. No.	Category of Stakeholders	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company (**"New Equity Shares"**). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled and from and after such cancellation. The pre and post-Scheme shareholding of Transferee Company 2 will remain the same.
2.	Promoter	Please refer to S. No. 1 above regarding effect on the shareholders.
3.	Non-Promoter Shareholders	
4.	Key Managerial Personnel (**"KMPs"**)/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of the Transferee Company 2.
5	Creditors/ Debenture Holders	Transferee Company 2 does not have any depositors or any deposit trustee.
6	Depositors/ Deposit Trustee	Transferee Company 2 does not have any depositors or any deposit trustee.
7.	Debenture Trustee	Transferee Company 2 has not issued any debentures.
8.	Employees	Upon the Scheme becoming effective, all employees of the BPDM Undertaking shall be deemed to have become employees of Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

47. **Disclosure about the effect of the Scheme on the material interests of directors and key managerial personnel of Transferee Company 2:**

None of the "Directors" (as defined under the Act), the "Key Managerial Personnel" (as defined under the Act) of Transferee Company 2 and their respective "Relatives" (as defined under the Act) have any interests, financial or otherwise in the Scheme except to the extent of shareholding in the Companies as set out below and/or to the extent the said directors/ key managerial personnel of Transferee Company 2 are directors on the board of/ key managerial personnel of the Transferor Company and Transferee Company 1 as set out below:

Details as on July 31, 2018				
Sl. No.	**Name / Designation**	**No. of shares held in the Transferee Company 2**	**No. of shares held in Transferor Company**	**No. of shares held in Transferee Company 1**
1.	Mr. Sandip Somany, Director	-	22,83,563	1*
2.	Mr. Girdhari Lal Sultania, Director	1*	705	1*
3.	Mr. Niranjan Kumar Goenka, Director	1*	-	1*

(*) Shares held as nominee.

Details as on July 31, 2018				
Sl. No.	**Name of Director / KMP**	**Designation in the Transferor Company 2**	**Designation in the Transferor Company**	**Designation in Transferee Company 1**
1.	Mr. Sandip Somany	Director	Vice Chairman and Managing Director and KMP	Director
2.	Mr. Girdhari Lal Sultania	Director	Non Executive Non Independent Director	Director
3.	Mr. Niranjan Kumar Goenka	Director	General Manager (Finance)	Director

48. **Relationship between the Companies:** Transferee Company 1 is a wholly owned subsidiary of the Transferor Company and Transferee Company 2 is a wholly owned subsidiary of Transferee Company 1.

49. **Rationale of the Scheme and the benefits of the Scheme as perceived by the Board of Directors of the respective Companies:** Paragraph 2 of the Scheme (i.e. Rationale and benefits of the Scheme) states as under:

"2.1 The Demerged Company is a multi-business corporate which is primarily engaged in the following business activities:

*(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products, UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined hereinafter (hereinafter referred to as **"Building Products Distribution and Marketing Undertaking" or "BPDM Undertaking"**);*

*(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined hereinafter (hereinafter referred to as **"Consumer Products Distribution and Marketing Undertaking" or "CPDM Undertaking"**);*

*(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined hereinafter (hereinafter referred to as **"Retail Undertaking"**);*

*(The BPDM Undertaking, CPDM Undertaking and Retail Undertaking shall hereinafter be collectively referred to as the **"Demerged Undertakings".**)*

*(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. (hereinafter referred to as **"Building Products Manufacturing Undertaking"** or **"BPM Undertaking"**);*

*(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as **"Consumer Products Manufacturing Undertaking"** or **"CPM Undertaking"**);*

(f) *manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures (hereinafter referred to as* ***"Packaging Products Manufacturing Undertaking"*** *or* ***"PPM Undertaking"****); and*

(g) *wind power generation (hereinafter referred to as* ***"Power Undertaking"****).*

2.2 *The aforesaid businesses have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertakings and the Remaining Undertaking (defined hereinafter) have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.*

2.3 *The Scheme shall enable each of the respective Demerged Undertakings and the Remaining Undertaking (defined hereinafter) to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.*

2.4 *The implementation of this Scheme will result in:*

(a) *creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertaking (defined hereinafter);*

(b) *optimal monetisation and development of each of the respective businesses, including by attracting focussed investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;*

(c) *dedicated and specialised management focus on the specific needs of the respective businesses; and*

(d) *benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.*

2.5 *The Scheme is in the interest of all the Companies, including their respective stakeholders and creditors."*

Appointed Date, Effective Date, Record Date and Share Exchange Ratio and Other Considerations:

Paragraph 4.1(c) of Part A of the Scheme defines Appointed Date as *"means April 1, 2018 or such other date as the Hon'ble Tribunal may direct, which shall be the date from which the Scheme shall be deemed to be effective".*

Paragraph 4.1(k) of Part A of the Scheme defines Effective Date as "means the last of the dates on which all the conditions and matters referred to in Paragraph 14 in Part E of this Scheme have been fulfilled, obtained or waived, as applicable. Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall refer to the Effective Date".

Paragraph 4.1(r) of Part A of the Scheme defines Record Date as "means the date to be fixed by the Board of Directors of Demerged Company, for the purpose of determining the shareholders of the Demerged Company to whom the New Equity Shares will be issued and allotted by Resulting Company 1, pursuant to this Scheme".

Consideration for the Demergers - Share Entitlement Ratio

Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company **("New Equity Shares").**

Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation.

50. Salient Features of the Scheme:

4. DEFINITIONS

Capitalised terms used herein but not defined shall have the meaning assigned to them in the draft of the Scheme enclosed as ***Annexure 1****.*

(c) ***"Appointed Date"*** *means April 1, 2018 or such other date as the Hon'ble Tribunal may direct, which shall be the date from which the Scheme shall be deemed to be effective;*

(d) ***"Assets"*** *shall include assets of every kind, nature and description and include movable property, investments, immovable property, leasehold property, freehold property, owned property, leased property, tangible or intangible assets, inventories, debtors, advances, Intellectual Property Rights, computers and accessories, software and related data, leasehold improvements, plant and machinery, offices, capital work in progress, vehicles, furniture, fixtures, office equipment, electricals, appliances and accessories;*

(g) ***"BPDM Undertaking"*** *means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:*

(i) all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in ***Schedule I****),*

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the BPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the *BPDM Undertaking*, and

(ix) *any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking,*

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "BPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the BPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the BPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company;

(i) ***"CPDM Undertaking"*** *means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the consumer products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various consumer products like kitchen appliances, cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers, air purifiers and water purifiers, through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce etc., relating to the sale of such products of the consumer products division. Without prejudice and limitation to the generality of the above, the CPDM Undertaking means and includes, without limitation, the following:*

(i) *all Assets pertaining to or relatable to the CPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the CPDM Undertaking (including, but not limited to, the registered trademarks identified in* ***Schedule II****),*

(ii) *all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the CPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,*

(iii) *all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the CPDM Undertaking,*

(iv) *taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the CPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the CPDM Undertaking,*

(v) *all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the CPDM Undertaking,*

(vi) *employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the CPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,*

(vii) *all Liabilities, present, future and the contingent, pertaining to or relatable to the CPDM Undertaking,*

(viii) *all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the CPDM Undertaking, and*

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the CPDM Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "CPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the CPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the CPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(j) **"Demerged Company"** means HSIL Limited, a company incorporated under the Companies Act, 1956, having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India;

(k) **"Effective Date"** means the last of the dates on which all the conditions and matters referred to in Paragraph 14 in Part E of this Scheme have been fulfilled, obtained or waived, as applicable. Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall refer to the Effective Date;

(p) **"New Equity Shares"** means the fully paid-up equity shares of Rs. 2 each to be issued and allotted by Resulting Company 1 to the shareholders of the Demerged Company as of the Record Date, in accordance with Paragraph 9.29.2 in Part D of this Scheme, in consideration for the demerger of the CPDM Undertaking and Retail Undertaking into Resulting Company 1 and the BPDM Undertaking into Resulting Company 2;

(r) **"Record Date"** means the date to be fixed by the Board of Directors of Demerged Company, for the purpose of determining the shareholders of the Demerged Company to whom the New Equity Shares will be issued and allotted by Resulting Company 1, pursuant to this Scheme;

(s) **"Remaining Undertaking"** means the remaining activities, investments, Assets, business, contracts, employees and Liabilities of the Demerged Company, including the BPM Undertaking, CPM Undertaking, PPM Undertaking and Power Undertaking but excluding the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking;

(t) **"Resulting Company 1"** means Somany Home Innovation Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India, being a wholly owned subsidiary of the Demerged Company;

(u) **"Resulting Company 2"** means Brilloca Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India, being a wholly owned subsidiary of Resulting Company 1;

(v) **"Retail Undertaking"** means and includes all the activities, business, operations and undertakings of and relating to retail business undertaking of the Demerged Company, including storing, transporting, selling, distributing and trading in furniture and home décor and other products, inter alia, under the 'EVOK' trademark, through its chain of retail outlets and also includes the franchise business of the Demerged Company. Without prejudice and limitation to the generality of the above, the Retail Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the Retail Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in **Schedule III**),

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the Retail Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the Retail Undertaking,

(iv) *taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the Retail Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the Retail Undertaking,*

(v) *all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Retail Undertaking,*

(vi) *employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Retail Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,*

(vii) *all Liabilities, present, future and the contingent, pertaining to or relatable to the Retail Undertaking,*

(viii) *all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the Retail Undertaking, and*

(ix) *any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the Retail Undertaking,*

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "Retail Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the Retail Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the Retail Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(x) *"**Scheme**" means this Composite Scheme of Arrangement in its present form, or with any modifications, as may be approved by the Hon'ble Tribunal;"*

9. CONSIDERATION FOR DEMERGER

9.2 Issuance of New Equity Shares

9.2.1 Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1; and (b) the demerger of the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, Resulting Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Demerged Company as on the Record Date, 1 equity share of Rs. 2 each of Resulting Company 1 for every 1 equity share of Rs. 2 each of the Demerged Company.

9.2.7 New Equity Shares shall be issued in dematerialised form, unless otherwise notified in writing by any shareholder of the Demerged Company on or before such date as may be determined by the Board of Directors of Resulting Company 1 or a duly authorised committee thereof. In the event that such notice has not been received by Resulting Company 1 in respect of any of the shareholders of the Demerged Company as of the Record Date, the equity shares shall be issued to such shareholders in dematerialised form provided that such shareholders shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event any shareholder has notified Resulting Company 1 as contemplated above that they desire to be issued shares in the physical form or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company 1 or if any shareholder holding shares in the physical form does not notify the account details of the depository participant for electronic credit of the shares of Resulting Company 1 as contemplated above, then Resulting Company 1 shall issue equity shares in physical form to such shareholders of the Demerged Company.

9.2.8 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date or the Effective Date, as the case may be to effectuate such a

transfer in Resulting Company 1 as if such changes in the registered holders were operative on the Record Date, in order to remove any difficulties arising to the transfer of the share in Resulting Company 1 and in relation to New Equity Shares.

9.2.9 *Equity shares to be issued by Resulting Company 1 pursuant to this Scheme, in respect of any equity shares of the Demerged Company, which are held in abeyance under the provisions of the Act or otherwise, shall pending allotment or settlement of dispute by order of Court or otherwise be held by the trustees appointed by Resulting Company 1.*

9.3 ***Cancellation of equity shares held by the Demerged Company in Resulting Company 1***

9.3.1 *Simultaneous with the issuance of the New Equity Shares, in accordance with Paragraph 9.2 of this Scheme, the initial issued and paid up equity share capital of Resulting Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Demerged Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Demerged Company and its nominees representing the equity shares in Resulting Company 1 shall be deemed to be cancelled and from and after such cancellation.*

9.3.2 *The cancellation of the equity share capital held by the Demerged Company and its nominees in Resulting Company 1, in accordance with Paragraph 9.3.1 of this Scheme, shall be effected as a part of this Scheme itself and not under a separate procedure, in terms of Section 66 of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Companies Act, 2013, or any other applicable provisions, confirming the reduction. The consent of the shareholders of Resulting Company 1 to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the reduction under the provisions of Section 66 of the Companies Act, 2013 as well and no further compliances would be separately required.*

9.6 ***Listing of New Equity Shares***

9.6.1 *Post effectiveness of this Scheme, the share capital of Resulting Company 1, including the New Equity Shares to be issued and allotted by Resulting Company 1 in terms of Paragraph 9.2 above shall be listed and shall be admitted for trading on the Stock Exchanges by virtue of this Scheme and in accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017. Resulting Company 1 shall make all requisite applications and shall otherwise comply with the provisions of the aforesaid circulars and Applicable Laws and take all steps to get its share capital including the New Equity Shares issued by it in pursuance to this Scheme listed on the Stock Exchanges.*

10. ACCOUNTING TREATMENT

10.1 ***Accounting treatment in the books of account of the Demerged Company***

10.1.1 *The Board of Directors of the Demerged Company shall give effect to the Scheme in the books of account of the Demerged Company, as they deem fit, in accordance with the applicable Indian Accounting Standards and Generally Acceptable Accounting Principles.*

10.1.2 *The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of, (a) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:*

(a) *The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company.*

(b) *Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.*

(c) *Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.*

(d) *The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.*

(e) *The excess, if any, of Paragraph 10.1.2(b) and 10.1.2(c) above, over Paragraph 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.*

(f) *The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:*

(i) *Capital Reserve Account;*

(ii) *Securities Premium Account; and*

(iii) *General Reserve.*

10.1.3 *The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.*

10.2 ***Accounting treatment in the books of Resulting Company 1***

10.2.1 *Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 - 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:*

(a) *The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be reflected at their carrying amounts.*

(b) *Resulting Company 1 shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Demerged Company under Paragraph 9.2 of the Scheme.*

(c) *Resulting Company 1 shall record the Reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.*

(d) *The existing share capital of Resulting Company 1 shall be cancelled in accordance with Paragraph 9.3 of the Scheme.*

(e) *The difference, if any, from the accounting under the Paragraphs above, shall be recorded as capital reserve in the books of Resulting Company 1.*

(f) *Negative capital reserve, if any, created pursuant to Paragraphs above, shall be adjusted against the existing reserves of Resulting Company 1, in the manner as decided by its Board of Directors, in consultation with its Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.*

10.2.2 *The existing shareholding of the Demerged Company in Resulting Company 1 shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. Face value of the equity shares so cancelled, shall be credited to the capital reserve account of Resulting Company 1.*

10.2.3 *The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.*

10.2.4 *The Board of Directors of Resulting Company 1 shall give effect to the Scheme in the books of account of Resulting Company 1, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.*

*10.3 **Accounting treatment in the books of Resulting Company 2***

10.3.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall account for the demerger of the BPDM Undertaking, pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 - 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 2:

(a) The assets and liabilities of the BPDM Undertaking shall be reflected at their carrying amounts.

(b) Resulting Company 2 shall record the reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(c) The difference, if any, from the accounting under the Paragraphs 10.3.1(a) and (b) above shall be recorded as capital reserve.

(d) Negative capital reserve, if any, created pursuant to the Paragraphs 10.3.1(a) and (b) above, shall be adjusted against the existing reserves of Resulting Company 2, in the manner as decided by its Board of Directors, in consultation with the Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.3.2 The reduction, if any, under Paragraph 10.3.1(d) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.3.3 The Board of Directors of Resulting Company 2 shall give effect to the Scheme in the books of account of Resulting Company 2, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

14 Conditions for the scheme becoming effective

14.1 The demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1 and demerger of the BPDM Undertaking into Resulting Company 2 are conditional upon and subject to:

(a) the sanction for the Scheme, by the Hon'ble Tribunal, under Sections 230 to 232 and Section 66 of the Companies Act, 2013, being obtained; and

(b) a certified copy of the order of the Hon'ble Tribunal sanctioning the Scheme being filed with the Registrar of Companies, Kolkata, by each of the Companies.

14.2 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety, unless specifically agreed otherwise by the Board of Directors of the Demerged Company.

THE FEATURES SET OUT ABOVE BEING ONLY THE SALIENT FEATURES OF THE SCHEME, THE EQUITY SHAREHOLDERS ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME (ANNEXED HEREWITH) TO GET FULLY ACQUAINTED WITH THE PROVISIONS THEREOF AND THE RATIONALE OF THE SCHEME.

51. Summary of the Valuation Report including basis of valuation and the Fairness Opinion:

The Valuation Report, dated November 8, 2017, issued by Santosh K Singh & Co., Chartered Accountants, recommends that the share entitlement ratio for the (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, should be 1 equity share of Rs. 2 each of Transferee Company 1 issued for every 1 equity share of Rs. 2 each of the Transferor Company. The revised Valuation Report dated December 11, 2017, issued by Santosh K Singh & Co., Chartered Accountants, in compliance with the format prescribed by the BSE Limited also recommends the same share entitlement ratio as the Valuation Report dated November 8, 2017.

The fairness opinion dated November 9, 2017 issued by Finshore Management Services Limited, a SEBI registered merchant banker **("Fairness Opinion")** has been issued in respect of the Valuation Report wherein it has been stated that the proposed share entitlement ratio as recommended by the valuers, which forms the basis of the proposed demergers, is fair.

Please refer to the Valuation Reports and the Fairness Opinion that are enclosed as **ANNEXURE 3** and **ANNEXURE 4,** respectively.

52. **Details of capital or debt restructuring, if any:** There shall be no reclassification/ reorganization of the authorized share capital of any of the Companies or debt restructuring of any of the Companies pursuant to the Scheme.

53. **Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed Scheme:**

(a) The equity shares of the Transferor Company are listed on BSE Limited (**"BSE"**) and the National Stock Exchange of India Limited (**"NSE"**) (collectively, the "**Stock Exchanges**"). The NSE was appointed as the designated stock exchange by the Transferor Company for the purpose of coordinating with SEBI, pursuant to the Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time, issued by SEBI (**"SEBI Circular"**). The Transferor Company has received an observation letter dated April 23, 2018 from NSE and an observation letter dated April 24, 2018 from BSE wherein the Stock Exchanges have granted their no objection to filing the Scheme with the Tribunal. The said observation letters issued by the NSE and the BSE are enclosed as **ANNEXURE 7** and **ANNEXURE 8**, respectively.

(b) As required by the SEBI Circular, the Transferor Company has filed its Complaint Report with NSE and BSE, on January 5, 2018 and January 24, 2018 respectively. The Complaint Report filed by the Transferor Company indicates that it has received 'nil' complaints. A copy of the Complaint Reports is enclosed as **ANNEXURE 5** and **ANNEXURE 6** respectively.

(c) The Scheme was filed by the Companies with the Tribunal, on June 4, 2018. Consequently, the Hon'ble Kolkata Bench of the Tribunal vide order dated August 2, 2018, has directed, inter alia, the convening of the Meeting.

54. No investigation or proceedings have been instituted or are pending in relation to any of the Companies under the Act.

55. The Companies have filed a copy of the Scheme with the Registrar of Companies pursuant to Section 232(2)(b) of the Act.

56. **Inspection of Documents:** Copies of the following documents will be open for inspection to the equity shareholders of the Transferor Company at its registered office at 2, Red Cross Place, Kolkata - 700001 on all days except Saturday, Sunday and public holidays between 3:00 pm and 5:00 pm up to the date of the Meeting:

(a) Order dated August 2, 2018 and as amended on August 16, 2018 by the Hon'ble Kolkata Bench of the Tribunal in Company Application (CAA) No. 649/KB/2018, directing inter alia, the convening of the Meeting;

(b) Scheme, as filed before the Hon'ble Tribunal;

(c) Valuation Report dated November 8, 2017 and revised valuation report dated December 11, 2017 (in accordance with the format prescribed by BSE Limited), issued by Santosh K Singh & Co., Chartered Accountants.

(d) Fairness Opinion dated November 9, 2017 issued by Finshore Management Services Limited, a merchant banker registered with SEBI.

(e) Complaints report submitted by the Transferor Company to the NSE on January 5, 2018;

(f) Complaints report submitted by the Transferor Company to BSE on January 24, 2018;

(g) Observation letter dated April 23, 2018 issued by the NSE to the Transferor Company;

(h) Observation letter dated April 24, 2018 issued by BSE to the Transferor Company;

(i) Certificate of incorporation dated February 8, 1960, the certificate for commencement of business dated February 26, 1960 and the fresh certificate of incorporation consequent upon change of name along with copies of the memorandum of association and articles of association of the Transferor Company;

(j) Certificate of incorporation dated September 28, 2017 along with copies of the memorandum of association and articles of association of Transferee Company 1;

(k) Certificate of incorporation dated November 2, 2017 along with copies of the memorandum of association and articles of association of Transferee Company 2;

(l) Certificate dated November 10, 2017 issued by Lodha & Co. Chartered Accountants, the statutory auditor of the Transferor Company in terms of the proviso to Section 230(7)/ 232(3) of the Act, certifying that the accounting

treatment provided for in the Scheme is in conformity with the accounting standards specified under Section 133 of the Act;

(m) Certificate dated November 10, 2017 issued by Lodha & Co. Chartered Accountants, the statutory auditor of Transferee Company 1 in terms of the proviso to Section 230(7)/232(3) of the Act, certifying that the accounting treatment provided for in the Scheme is in conformity with the accounting standards specified under Section 133 of the Act;

(n) Certificate dated November 10, 2017 issued by Lodha & Co. Chartered Accountants, the statutory auditor of Transferee Company 2 in terms of the proviso to Section 230(7)/ 232(3) of the Act, certifying that the accounting treatment provided for in the Scheme is in conformity with the accounting standards specified under Section 133 of the Act;

(o) Annual reports of the Transferor Company for the last three financial years ended March 31, 2018, March 31, 2017 and March 31, 2016;

(p) Audited financial statements for the period ended March 31, 2018 of Transferee Company 1 and Transferee Company 2;

(q) Extracts of the resolutions dated November 10, 2017 passed by the Boards' of the Transferor Company, Transferee Company 1 and Transferee Company 2, inter alia, approving the Scheme and the filing thereof with the Tribunal;

(r) Report of the Audit Committee of the Transferor Company dated November 10, 2017 recommending the Scheme to the Board of the Transferor Company;

(s) Reports adopted by the respective Boards' of each of the Companies pursuant to Section 232(2)(c) of the Act;

(t) Other documents displayed on the websites of the Stock Exchanges and the Transferor Company in terms of the SEBI Circular;

(u) Abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 specifying applicable information of Transferee Company 1, as filed with the Stock Exchanges;

(v) Abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 specifying applicable information of Transferee Company 2, as filed with the Stock Exchanges;

(w) any other contracts or agreements material to the Scheme; and

(x) Copies of the paper books filed in Company Application (CAA) No. 649/KB/2018.

Dated this 17th day of August, 2018.

For **HSIL Limited**

Sd/-
Somen Bose
(Chairperson appointed for the meeting)

Registered Office: 2, Red Cross Place, Kolkata - 700001.
CIN: L51433WB1960PLC024539.
Email: hsilinvestors@hindware.co.in

Annexure - 1

COMPOSITE SCHEME OF ARRANGEMENT

UNDER SECTIONS 230 TO 232, READ WITH SECTION 66 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

AMONGST

HSIL LIMITED
(The Demerged Company)

AND

SOMANY HOME INNOVATION LIMITED
(Resulting Company 1)

AND

BRILLOCA LIMITED
(Resulting Company 2)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PREAMBLE

1. BACKGROUND AND DESCRIPTION OF THE COMPANIES WHO ARE PARTIES TO THE SCHEME

1.1 Details of the Demerged Company

1.1.1 HSIL Limited, the Demerged Company, is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of the Demerged Company is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. The Demerged Company was incorporated on February 8, 1960, under the name 'Hindusthan Twyfords Limited'. Subsequently, the name of the Demerged Company was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969, and the Demerged Company obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of the Demerged Company. The Corporate Identity Number of the Demerged Company is L51033WB1960PLC024539. The equity shares of the Demerged Company are listed on the Stock Exchanges (defined hereinafter).

1.1.2 The Demerged Company is authorized to conduct, and is *inter alia* engaged in, the business of manufacturing, preparing, buying, selling, importing, exporting, trading and otherwise dealing in all kinds of building products (sanitaryware, faucets, tiles, other lifestyle products, UPVC and CPVC pipes, fittings, etc.), consumer products, glass packaging products, plastic packaging material, security caps and closures, wind power generation and retail business for home interior solutions.

1.2 Details of Resulting Company 1

1.2.1 Somany Home Innovation Limited, Resulting Company 1, was incorporated on September 28, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 1 is U74999WB2017PLC222970. The registered office of Resulting Company 1 is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. Resulting Company 1 is a wholly owned subsidiary of the Demerged Company.

1.2.2 Resulting Company 1 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

1.3 Details of Resulting Company 2

1.3.1 Drilloco Limited, Resulting Company 2, was incorporated on November 2, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting

Company 2 is U74999WB2017PLC223307. The registered office of Resulting Company 2 is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. Resulting Company 2 is a wholly owned subsidiary of Resulting Company 1.

1.3.2 Resulting Company 2 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

1.4 This Composite Scheme of Arrangement ("**Scheme**") is presented pursuant to the provisions of Sections 230 to 232, Section 66 and other applicable provisions of the Companies Act, 2013, read with Section 2(19AA), Section 2(41A) and other relevant provisions of the IT Act (defined hereinafter), as applicable, for:

(i) Demerger of the CPDM Undertaking (defined hereinafter) and the Retail Undertaking (defined hereinafter) from the Demerged Company and transfer and vesting of each of them, as a going concern, to Resulting Company 1; and

(ii) Demerger of the BPDM Undertaking (defined hereinafter) from the Demerged Company and transfer and vesting of the same, as a going concern, to Resulting Company 2.

1.5 After the Scheme becomes effective, the listing of the entire share capital of Resulting Company 1, including the New Equity Shares (defined hereinafter) issued by Resulting Company 1, as consideration, in terms of Part D of this Scheme, to the shareholders of the Demerged Company, with the Stock Exchanges (defined hereinafter) shall be undertaken.

1.6 Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

2. RATIONALE FOR THE SCHEME

2.1 The Demerged Company is a multi-business corporate which is primarily engaged in the following business activities:

(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products, UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined hereinafter (hereinafter referred to as "**Building Products Distribution and Marketing Undertaking**" or "**BPDM Undertaking**");

(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined hereinafter (hereinafter referred to as "**Consumer Products Distribution and Marketing Undertaking**" or "**CPDM Undertaking**");

(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined hereinafter (hereinafter referred to as "**Retail Undertaking**");

(The BPDM Undertaking, CPDM Undertaking and Retail Undertaking shall hereinafter be collectively referred to as the "**Demerged Undertakings**".)

(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. (hereinafter referred to as "**Building Products Manufacturing Undertaking**" or "**BPM Undertaking**");

(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**");

(f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures (hereinafter referred to as "**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and

(g) wind power generation (hereinafter referred to as "**Power Undertaking**").

2.2 The aforesaid businesses have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertakings and the Remaining Undertaking (defined hereinafter) have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

2.3 The Scheme shall enable each of the respective Demerged Undertakings and the Remaining Undertaking (defined hereinafter) to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

2.4 The implementation of this Scheme will result in:

(a) creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertaking (defined hereinafter);

(b) optimal monetisation and development of each of the respective businesses, including by attracting focussed investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;

(c) dedicated and specialised management focus on the specific needs of the respective businesses; and

(d) benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.

2.5 The Scheme is in the interest of all the Companies, including their respective stakeholders and creditors.

3. **PARTS OF THIS SCHEME**

The Scheme is divided into the following parts:

(a) **PART A** deals *inter alia* with definitions and interpretation, compliance with tax laws and capital structure of the Companies.

(b) **PART B** deals with demerger and vesting of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1.

(c) **PART C** deals with demerger and vesting of the BPDM Undertaking into Resulting Company 2.

(d) **PART D** deals with the consideration for demerger of the CPDM Undertaking, the Retail Undertaking and BPDM Undertaking and the respective accounting treatment(s).

(e) **PART E** deals with general terms and conditions that are applicable to this Scheme.



PART A

4. **DEFINITIONS**

4.1 In this Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

(a) "**Act**" means the Companies Act, 2013 and rules made thereunder (to the extent applicable) and Companies Act, 1956 (to the extent corresponding provisions of Companies Act, 2013 have not been notified) and the rules made thereunder, and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;

(b) "**Applicable Law**" means any statute, notification, by-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, schemes, notices, orders or instructions enacted or issued or sanctioned by any appropriate authority, including any modification or re-enactment thereof for the time being in force;

(c) "**Appointed Date**" means April 1, 2018 or such other date as the Hon'ble Tribunal may direct, which shall be the date from which the Scheme shall be deemed to be effective;

(d) "**Assets**" shall include assets of every kind, nature and description and include movable property, investments, immovable property, leasehold property, freehold property, owned property, leased property, tangible or intangible assets, inventories, debtors, advances, Intellectual Property Rights, computers and accessories, software and related data, leasehold improvements, plant and machinery, offices, capital work in progress, vehicles, furniture, fixtures, office equipment, electricals, appliances and accessories;

(e) "**Board of Directors**" in relation to the Demerged Company and/ or Resulting Company 1 and/or Resulting Company 2, as the case may be, means their respective board of directors and shall, unless repugnant to the context or otherwise, include a committee of directors or any person authorised by such board of directors or such committee of directors;

(f) "**Book Value(s)**" means the value(s) of the Assets and Liabilities of each of the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking, as applicable, as appearing in the books of account of the Demerged Company at the close of business as on the day immediately preceding the Appointed Date and excluding any value arising out of revaluation of any Assets;

(g) "**BPDM Undertaking**" means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I),

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the BPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the BPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "BPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the BPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the BPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company;

(h) "**Companies**" means the Demerged Company, Resulting Company 1 and Resulting Company 2;

(i) "**CPDM Undertaking**" means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the consumer products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various consumer products like kitchen appliances, cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers, air purifiers and water purifiers, through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce etc., relating to the sale of such products of the consumer products division. Without prejudice and limitation to the generality of the above, the CPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the CPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the CPDM Undertaking (including, but not limited to, the registered trademarks identified in **Schedule II**).

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the CPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the CPDM Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the CPDM Undertaking, cash balances, bank accounts and bank

balances, in connection with or relating to the CPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the CPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the CPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the CPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the CPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the CPDM Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "CPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the CPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the CPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(j) **"Demerged Company"** means **UISL** Limited, a company incorporated under the Companies Act, 1956, having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India;

(k) **"Effective Date"** means the last of the dates on which all the conditions and matters referred to in Paragraph 14 in Part E of this Scheme have been fulfilled, obtained or waived, as applicable. Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall refer to the Effective Date;

(l) **"Hon'ble Tribunal"** means the Kolkata Bench of the National Company Law Tribunal;

(m) **"Intellectual Property Rights"** means, whether registered in the name of or recognized under Applicable Law as being the intellectual property of the Demerged Company, or in

the nature of common law rights of the Demerged Company, all domestic and foreign, (a) trademarks, service marks, brand names, internet domain names, websites, online web portals, trade names, logos, trade dress, and all applications and registration for the foregoing, and all goodwill associated with the foregoing and symbolized by the foregoing; (b) confidential and proprietary information and trade secrets; (c) published and unpublished works of authorship, and copyrights therein, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; (d) computer software and programs (including source code, object code, firmware, operating systems and specifications); (e) designs, drawings, sketches; (f) databases, customer data, proprietary information, knowledge, technology, licenses, software licenses and formulas; (g) all other intellectual property or proprietary rights; and (h) all rights in all of the foregoing provided by Applicable Law;

(n) "**IT Act**" means the Income-tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;

(o) "**Liability(ies)**" means liabilities of every kind, nature and description, whether present or future and includes contingent liabilities, secured loans, unsecured loans, borrowings, statutory liabilities (including those under taxation laws, including goods and services tax (GST) and stamp duty laws), contractual liabilities, duties, obligations, guarantees and those arising out of proceedings of any nature;

(p) "**New Equity Shares**" means the fully paid-up equity shares of Rs. 2 each to be issued and allotted by Resulting Company 1 to the shareholders of the Demerged Company as of the Record Date, in accordance with Paragraph 9.2 in Part D of this Scheme, in consideration for the demerger of the CPDM Undertaking and Retail Undertaking into Resulting Company 1 and the BPDM Undertaking into Resulting Company 2;

(q) "**RBI**" means the Reserve Bank of India, established under Section 3 of the Reserve Bank of India Act, 1934;

(r) "**Record Date**" means the date to be fixed by the Board of Directors of Demerged Company, for the purpose of determining the shareholders of the Demerged Company to whom the New Equity Shares will be issued and allotted by Resulting Company 1, pursuant to this Scheme;

(s) "**Remaining Undertaking**" means the remaining activities, investments, Assets, business, contracts, employees and Liabilities of the Demerged Company, including the BPM Undertaking, CPM Undertaking, PPM Undertaking and Power Undertaking but excluding the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking;

(t) "**Resulting Company 1**" means Somany Home Innovation Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India, being a wholly owned subsidiary of the Demerged Company;

(u) "**Resulting Company 2**" means Brilloca Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India, being a wholly owned subsidiary of Resulting Company 1;

(v) "**Retail Undertaking**" means and includes all the activities, business, operations and

undertakings of and relating to retail business undertaking of the Demerged Company, including storing, transporting, selling, distributing and trading in furniture and home décor and other products, *inter alia*, under the 'EVOK' trademark, through its chain of retail outlets and also includes the franchise business of the Demerged Company. Without prejudice and limitation to the generality of the above, the Retail Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the Retail Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in **Schedule III**).

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the Retail Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the Retail Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the Retail Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the Retail Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Retail Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Retail Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the

Retail Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the Retail Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the Retail Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "Retail Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the Retail Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the Retail Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(w) "**Rs.**" means rupees, being the lawful currency of the Republic of India;

(x) "**Scheme**" means this Composite Scheme of Arrangement in its present form or with any modifications, as may be approved by the Hon'ble Tribunal;

(y) "**SEBI**" means the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992; and

(z) "**Stock Exchanges**" means collectively BSE Limited and the National Stock Exchange of India Limited.

4.2 The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the Regulations made thereunder), the Depositories Act, 1996, the IT Act and other Applicable Laws, as the case may be.

5. COMPLIANCE WITH TAX LAWS

5.1 The demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1 and the BPDM Undertaking into Resulting Company 2 shall comply with the provisions of Section 2(19AA) read with section 2(41A) of the IT Act.

5.2 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA), and other relevant sections, of the IT Act. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the

Demerged Company, which power can be exercised at any time and shall be exercised in the best interests of the Companies and their shareholders.

6. CAPITAL STRUCTURE

6.1 Demerged Company

The authorised, issued, subscribed and paid-up share capital of the Demerged Company, as on October 31, 2017 is as under:

A. Authorised Share Capital	Amount (in Rs.) (in lakhs)
11,12,50,000 Equity Shares of Rs. 2 each	2225.00
Total	**2225.00**

B. Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.)
7,22,96,395 Equity Shares of Rs. 2 each	1445.93
Add: Forfeited Share Capital	0.04
Total	**1445.97**

6.2 Resulting Company 1

The authorised, issued, subscribed and paid-up share capital of Resulting Company 1, as on October 31, 2017 is as under:

A. Authorised Share Capital	Amount (in Rs.) (in lakhs)
50,00,000 Equity Shares of Rs. 2 each	100.00
Total	**100.00**

B. Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.) (in lakhs)
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**

6.3 **Resulting Company 2**

The authorised, issued, subscribed and paid-up share capital of Resulting Company 2, as on November 2, 2017, is as under:

A. Authorised Share Capital	Amount (in Rs.) (in lakhs)
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**

B. Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.) (in lakhs)
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**



PART B

7. DEMERGER OF CPDM UNDERTAKING AND RETAIL UNDERTAKING INTO RESULTING COMPANY 1

7.1 Transfer and vesting of the CPDM Undertaking and the Retail Undertaking

7.1.1 Upon this Scheme becoming effective and with effect from the Appointed Date, the CPDM Undertaking and the Retail Undertaking of the Demerged Company shall stand demerged and transferred and be vested in Resulting Company 1, each on a going concern basis, without any further act or deed, so as to become as and from the Appointed Date, the undertakings of Resulting Company 1, and to vest in Resulting Company 1, all the rights, title, interest or obligations of the CPDM Undertaking and the Retail Undertaking therein, in the manner described hereunder.

7.1.2 **Transfer of Assets**

(a) Upon this Scheme becoming effective and with effect from the Appointed Date, any and all Assets relating to each of the CPDM Undertaking and the Retail Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by delivery instructions in relation to dematerialised shares or transfer by vesting and recordal pursuant to this Scheme, shall stand transferred to and vested in Resulting Company 1 and shall become the property and an integral part of Resulting Company 1. The vesting pursuant to this sub-Paragraph (a) shall be deemed to have occurred by manual delivery or endorsement and delivery or by delivery instructions in relation to dematerialised shares or by vesting, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

(b) Upon this Scheme becoming effective and with effect from the Appointed Date, any and all movable Assets of the Demerged Company relating to each of the CPDM Undertaking and the Retail Undertaking, other than those specified above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons shall without any further act, instrument or deed become the property of Resulting Company 1.

(c) Upon this Scheme becoming effective and with effect from the Appointed Date, all immovable properties (including land together with the buildings and structures standing thereon) of the Demerged Company relating to each of the CPDM Undertaking and the Retail Undertaking, whether freehold or leasehold, as the case may be, and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Resulting Company 1, subject to Applicable Law, without any act or deed required by the Demerged Company and Resulting Company 1. Upon this Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes, as applicable, and fulfill all obligations, in relation to or applicable to such immovable properties.

(d) Upon this Scheme becoming effective and with effect from the Appointed Date, the Intellectual Property Rights of the Demerged Company relating to each of the CPDM Undertaking (including, but not limited to, the registered trademarks identified in

Schedule II) and the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in Schedule III) shall, without further act or deed, stand transferred and vested in Resulting Company 1. This Scheme shall serve as a requisite consent for use and transfer of such Intellectual Property Rights without requiring the execution of any further deed or document as to transfer of the said Intellectual Property Rights in favour of Resulting Company 1. Upon the Scheme becoming effective, and to the extent required by the Demerged Company and Resulting Company 2, Resulting Company 1 may grant to them the right to use the trademarks being transferred to it pursuant to this Scheme by way of license, on such terms and conditions as may be mutually agreed between the relevant parties.

(e) Upon this Scheme becoming effective and with effect from the Appointed Date, the Demerged Company agrees to execute and deliver, at the request of Resulting Company 1, all papers and instruments required in respect of all Intellectual Property Rights, to vest such rights, title and interest in the name of Resulting Company 1 and in order to update the records of the respective registries to reflect the name and address of Resulting Company 1 as the current owner of the Intellectual Property Rights.

(f) In relation to Assets belonging to each of the CPDM Undertaking and the Retail Undertaking, which require separate documents for vesting in Resulting Company 1, or which the Demerged Company and/ or Resulting Company 1 otherwise desire to be vested separately, the Demerged Company and Resulting Company 1 will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.

(g) All Assets acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the CPDM Undertaking and/or the Retail Undertaking shall be deemed to have been acquired for and on behalf of Resulting Company 1 and shall also stand transferred to and vested in Resulting Company 1, with effect from the Effective Date.

(h) It is hereby clarified that if any Assets in relation to either the CPDM Undertaking or the Retail Undertaking which the Demerged Company owns, cannot be transferred to Resulting Company 1 for any reason whatsoever, the Demerged Company shall hold such Asset in trust for the benefit of Resulting Company 1.

(i) Upon this Scheme becoming effective, the past track record of the Demerged Company relating to each of the CPDM Undertaking or the Retail Undertaking, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be the track record of Resulting Company 1 for all commercial and regulatory purposes, including for the purposes of eligibility, standing, evaluation and participation of Resulting Company 1 in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

7.1.3 **Transfer of Liabilities**

(a) Upon this Scheme becoming effective and with effect from the Appointed Date, all Liabilities of every kind, nature and description relating to each of the CPDM Undertaking and the Retail Undertaking shall, without any further act or deed, be transferred to, or be deemed to be transferred to Resulting Company 1 so as to become, from the Appointed Date, the Liabilities of Resulting Company 1 and Resulting Company 1 undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain



the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen, in order to give effect to the provisions of this sub-Paragraph.

(b) Where any of the Liabilities and obligations pertaining to the CPDM Undertaking and/or the Retail Undertaking on the Appointed Date, has been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of Resulting Company 1.

(c) All loans raised and used, and Liabilities incurred, if any, by the Demerged Company after the Appointed Date, but prior to the Effective Date, for the CPDM Undertaking and/or the Retail Undertaking shall be deemed to be transferred to, and discharged by Resulting Company 1 without any further act or deed.

(d) Upon the Scheme becoming effective, the secured creditors of the Demerged Company, relating to the Remaining Undertaking shall not be entitled to security over properties, Assets, rights, benefits and interest of Resulting Company 1.

(e) The vesting of the CPDM Undertaking and the Retail Undertaking as aforesaid shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the CPDM Undertaking and/or the Retail Undertaking, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the Assets of the CPDM Undertaking and/or the Retail Undertaking have been or are offered or agreed to be offered as securities for any financial assistance or obligations, shall be construed as a reference to only the Assets pertaining to the CPDM Undertaking and/or the Retail Undertaking, as applicable, as are vested in Resulting Company 1 as per this Scheme, to the end and intent that any such security, charge, hypothecation and mortgage shall not extend or be deemed to extend to any of the other Assets of the Demerged Company or any of the Assets of Resulting Company 1. Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the Assets, or any part thereof, of Resulting Company 1 shall continue with respect to such Asset, or part thereof, and this Scheme shall not operate to enlarge such securities, charges, hypothecation and mortgages.

(f) The provisions of Paragraph 7.1.3(e) above shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions. For avoidance of doubt the provisions of Paragraph 7.1.3(e) above shall not be construed as limiting the operation of Part E of this Scheme.

(g) Upon this Scheme becoming effective, the borrowing limits of Resulting Company 1 shall, without any further act or deed, stand enhanced by an amount being the aggregate of the Liabilities pertaining to the CPDM Undertaking and the Retail Undertaking which are being transferred to Resulting Company 1 pursuant to this Scheme and Resulting Company 1 shall not be required to pass any separate resolution in this regard.

7.1.4 **Contracts, Deeds, Bonds and Other Instruments**

(a) Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, agreements entered into with various persons including independent consultants, subsidiaries/ associate companies and other shareholders of such subsidiaries/ associate companies, arrangements and other instruments of whatsoever nature in relation to each of the CPDM Undertaking and the Retail Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of Resulting Company 1 and may be enforced as fully and effectually as if, instead of the Demerged Company, Resulting Company 1 had been a party or beneficiary or obligee thereto or thereunder.

(b) Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the CPDM Undertaking and the Retail Undertaking with Resulting Company 1 occurs by virtue of this Scheme itself, Resulting Company 1 may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above. Resulting Company 1 shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

(c) Without prejudice to the generality of the foregoing, it is clarified that upon this Scheme becoming effective and with effect from the Appointed Date, all consents, agreements, permissions, all statutory or regulatory licences, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to each of the CPDM Undertaking and the Retail Undertaking shall stand transferred to Resulting Company 1 as if the same were originally given by, issued to or executed in favour of Resulting Company 1, and Resulting Company 1 shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to Resulting Company 1. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority, or by any other person, or availed by the Demerged Company in relation to each of the CPDM Undertaking and the Retail Undertaking are concerned, the same shall vest with and be available to Resulting Company 1 on the same terms and conditions as applicable to the Demerged Company, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Resulting Company 1.

(d) The Demerged Company has set up a trust, by the name of "HSIL Corporate Social Responsibility Foundation", for the purpose of fulfilling its corporate social responsibility under the Companies Act, 2013, either singly or along with its subsidiary companies or along with any other company or holding or subsidiary company of such other company. Subject to provisions of the Companies Act, 2013, it is proposed that the HSIL Corporate Social Responsibility Foundation be restructured to permit Resulting Company 1 to utilize the same for fulfilling its corporate social responsibility under the Companies Act, 2013 as

well.

(e) It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the CPDM Undertaking and/or the Retail Undertaking to which the Demerged Company is a party, cannot be transferred to Resulting Company 1 for any reason whatsoever, the Demerged Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resulting Company 1.

(f) Upon this Scheme becoming effective, all the resolutions, if any, of the Demerged Company which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as the resolutions of Resulting Company 1, to the extent such resolutions pertain to the CPDM Undertaking and/or the Retail Undertaking, and, if any such resolutions have an upper monetary or any other limits imposed under the provisions of the Act, then the said limits shall apply *mutatis mutandis* to such resolutions and shall constitute the aggregate of the said limits in Resulting Company 1.

7.1.5 **Employees**

(a) Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Resulting Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Demerged Company, on the Effective Date. The services of such employees with the Demerged Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits

(b) With regard to provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of such employees of the CPDM Undertaking and the Retail Undertaking, Resulting Company 1 shall, upon this Scheme becoming effective, stand substituted for the Demerged Company for all purposes whatsoever, including with regard to the obligation to make contributions to the said funds and schemes, in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents.

(c) The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Demerged Company for such employees of the CPDM Undertaking and the Retail Undertaking shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by Resulting Company 1 without any separate act or deed/ approval. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by Resulting Company 1 to the existing funds maintained by the Demerged Company.

(d) If any of the employees of the Demerged Company being transferred to Resulting Company 1 as part of this Scheme are covered under any directors and officers liability insurance policy ("**D&O Insurance**") taken by the Demerged Company as on the Effective Date, then, irrespective of their transfer to Resulting Company 1, such employees shall continue to be covered by such D&O Insurance, for the remainder of the term of the

insurance policy, and the Demerged Company and/or Resulting Company 1, as the case may be, shall execute all documents as may be required, including with the insurance company(ies), to give effect to this sub-Paragraph (d).

(e) The Demerged Company, pursuant to a notification in the Official Gazette dated October 22, 1968, issued by the Secretary to the Government, Haryana, Labour and employment departments, in exercise of the powers conferred under Paragraph 27-A of the Employees' Provident Funds Scheme, 1952, has been granted an exemption from the operations of the Employees' Provident Funds Scheme, 1952 and currently deposits the provident fund collections of certain employees into the fund, "Somany Provident Fund Institution". Subject to receipt of appropriate regulatory approvals, it is proposed that the Somany Provident Fund Institution may be restructured to permit Resulting Company 1 to utilize the same for depositing the provident fund collections of its employees as well.

(f) The Demerged Company has set up a fund, by the name of "H S I Employees' Gratuity Fund", to meet the gratuity obligations of the Demerged Company towards its eligible employees. Subject to receipt of appropriate regulatory approvals, it is proposed that the H S I Employees' Gratuity Fund may be restructured to permit Resulting Company 1 to utilize the same for its gratuity obligations towards its employees as well.

7.1.6 **Continuation of Legal Proceedings**

(a) From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the CPDM Undertaking and/or the Retail Undertaking (**"Demerged Undertaking Proceedings"**) shall be continued and enforced by or against Resulting Company 1 after the Effective Date, to the extent legally permissible. To the extent such Demerged Undertaking Proceedings cannot be taken over by Resulting Company 1, such proceedings shall be pursued by the Demerged Company as per the instructions of and entirely at the costs and expenses of Resulting Company 1.

(b) If the Demerged Undertaking Proceedings are taken against the Demerged Company in respect of the matters referred to in Paragraph 7.1.6(a) above, it shall defend the same in accordance with the advice of Resulting Company 1 and at the cost of Resulting Company 1, and the latter shall reimburse and indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

(c) If any Demerged Undertaking Proceedings is pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against Resulting Company 1 in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.

(d) In the event of any difference or difficulty on whether any specific legal or other proceedings relates to the CPDM Undertaking or the Retail Undertaking or not, the decision of the Board of Directors of the Demerged Company in this regard shall be conclusive and binding on the Demerged Company and Resulting Company 1.

7.1.7 **Treatment of taxes**

(a) With effect from the Appointed Date and upon the Scheme becoming effective, all taxes and duties payable by the Demerged Company, accruing and relating to the operations of the CPDM Undertaking and/or the Retail Undertaking from the Appointed Date onwards, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims, as the case may be, of Resulting Company 1.

(b) Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including MAT credit), Cenvat, customs, VAT, sales tax, service tax, goods and services tax (GST), etc. relating to the CPDM Undertaking and/or the Retail Undertaking to which the Demerged Company is entitled to shall be available to and vest in Resulting Company 1, without any further act or deed.

(c) Upon this Scheme becoming effective, the Demerged Company and Resulting Company 1 are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, service tax returns, goods and services tax (GST) returns and other tax returns for the period commencing on and from the Appointed Date, and to claim refunds/ credits, pursuant to the provisions of this Scheme.

(d) The Board of Directors of the Demerged Company shall be empowered to determine if any specific tax liability or any tax proceeding relates to the CPDM Undertaking and/or the Retail Undertaking and whether the same would be transferred to Resulting Company 1.

(e) Upon this Scheme becoming effective, any tax deposited, certificates issued or returns filed by the Demerged Company relating to the CPDM Undertaking and/or the Retail Undertaking shall continue to hold good as if such amounts were deposited, certificates were issued and returns were filed by Resulting Company 1.

(f) All the expenses incurred by the Demerged Company and Resulting Company 1 in relation to the demerger of the CPDM Undertaking and the Retail Undertaking, as per Part B of this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Demerged Company and Resulting Company 1 in accordance with Section 35DD of the IT Act over a period of 5 years beginning with the previous year in which this Scheme becomes effective.

7.1.8 **Saving of concluded transactions**.

The transfer of Assets and Liabilities to, and the continuance of proceedings by, or against, Resulting Company 1 as envisaged in Part B above shall not affect any transaction or proceedings already concluded by the Demerged Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that Resulting Company 1 accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.

7.1.9 **Conduct of Business**

(a) With effect from the Appointed Date and up to and including the Effective Date:

(i) The Demerged Company undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and Assets of each of the CPDM Undertaking and the Retail Undertaking, for and on account of and in trust for Resulting Company 1;

(ii) All profits accruing to the Demerged Company and all taxes thereon or losses arising or incurred by it with respect to each of the CPDM Undertaking and the Retail Undertaking shall, for all purposes, be treated as and deemed to be the profits, taxes or losses, as the case may be, of Resulting Company 1;

(iii) the Demerged Company shall carry on the business of each of the CPDM Undertaking and the Retail Undertaking with reasonable diligence and business prudence and in the same manner as it had been doing hitherto and shall be entitled to take all decisions in relation to the CPDM Undertaking and the Retail Undertaking, as may be required; and

(iv) except with the consent of the Board of Directors of the Demerged Company and Resulting Company 1, Resulting Company 1 shall not make any change in its capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner effect the reorganisation of capital of Resulting Company 1.

(b) Resulting Company 1 shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which Resulting Company 1 may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any Applicable Law for time being in force for carrying on business of the CPDM Undertaking and the Retail Undertaking.

7.1.10 **Amendment to Articles of Association of Resulting Company 1**

(a) Upon coming into effect of the Scheme, the articles of association of the Demerged Company as at the Effective Date, shall *mutatis mutandis* become applicable to Resulting Company 1, without the requirement to do any further act or thing.

(b) The abovementioned change, being an integral part of the Scheme, it is hereby provided that the said revision to the articles of association of Resulting Company 1 shall be effective by virtue of the fact that the shareholders of Resulting Company 1, while approving the Scheme as a whole, have also resolved and accorded the relevant consent as required respectively under the applicable provisions of the Act and shall not be required to pass any separate resolution(s).



PART C

8. DEMERGER OF THE BPDM UNDERTAKING INTO RESULTING COMPANY 2

8.1 Transfer and vesting of the BPDM Undertaking

8.1.1 Upon this Scheme becoming effective and with effect from the Appointed Date, the BPDM Undertaking of the Demerged Company shall stand demerged and transferred and be vested in Resulting Company 2, on a going concern basis, without any further act or deed, so as to become as and from the Appointed Date, the undertaking of Resulting Company 2, and to vest in Resulting Company 2, all the rights, title, interest or obligations of the BPDM Undertaking therein, in the manner described hereunder.

8.1.2 **Transfer of Assets**

(a) Upon this Scheme becoming effective and with effect from the Appointed Date, any and all Assets relating to the BPDM Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by delivery instructions in relation to dematerialised shares or transfer by vesting and recordal pursuant to this Scheme, shall stand transferred to and vested in Resulting Company 2 and shall become the property and an integral part of Resulting Company 2. The vesting pursuant to this sub- Paragraph (a) shall be deemed to have occurred by manual delivery or endorsement and delivery or by delivery instructions in relation to dematerialised shares or by vesting, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

(b) Upon this Scheme becoming effective and with effect from the Appointed Date, any and all movable Assets of the Demerged Company relating to the BPDM Undertaking, other than those specified above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons shall without any further act, instrument or deed become the property of Resulting Company 2.

(c) Upon this Scheme becoming effective and with effect from the Appointed Date, all immovable properties (including land together with the buildings and structures standing thereon) of the Demerged Company relating to the BPDM Undertaking, whether freehold or leasehold, as the case may be, and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Resulting Company 2, subject to Applicable Law, without any act or deed required by the Demerged Company and Resulting Company 2. Upon this Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes, as applicable, and fulfill all obligations, in relation to or applicable to such immovable properties.

(d) Upon this Scheme becoming effective and with effect from the Appointed Date, the Intellectual Property Rights of the Demerged Company relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I) shall, without further act or deed, stand transferred and vested in Resulting Company 2. This Scheme shall serve as a requisite consent for use and transfer of such Intellectual Property

Rights without requiring the execution of any further deed or document as to transfer of the said Intellectual Property Rights in favour of Resulting Company 2. Upon the Scheme becoming effective, and to the extent required by the Demerged Company and Resulting Company 1, Resulting Company 2 may grant to them the right to use the trademarks being transferred to it pursuant to this Scheme by way of a license, on such terms and conditions as may be mutually agreed between the relevant parties.

(e) Upon this Scheme becoming effective and with effect from the Appointed Date, the Demerged Company agrees to execute and deliver, at the request of Resulting Company 2, all papers and instruments required in respect of all Intellectual Property Rights, to vest such rights, title and interest in the name of Resulting Company 2 and in order to update the records of the respective registries to reflect the name and address of Resulting Company 2 as the current owner of the Intellectual Property Rights.

(f) In relation to Assets belonging to the BPDM Undertaking, which require separate documents for vesting in Resulting Company 2, or which the Demerged Company and/ or Resulting Company 2 otherwise desire to be vested separately, the Demerged Company and Resulting Company 2 will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.

(g) All Assets acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the BPDM Undertaking shall be deemed to have been acquired for and on behalf of Resulting Company 2 and shall also stand transferred to and vested in Resulting Company 2, with effect from the Effective Date.

(h) It is hereby clarified that if any Assets in relation to the BPDM Undertaking which the Demerged Company owns, cannot be transferred to Resulting Company 2 for any reason whatsoever, the Demerged Company shall hold such Asset in trust for the benefit of Resulting Company 2.

(i) Upon this Scheme becoming effective, the past track record of the Demerged Company relating to the BPDM Undertaking, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be the track record of Resulting Company 2 for all commercial and regulatory purposes, including for the purposes of eligibility, standing, evaluation and participation of Resulting Company 2 in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

8.1.3 **Transfer of liabilities**

(a) Upon this Scheme becoming effective and with effect from the Appointed Date, all Liabilities of every kind, nature and description relating to the BPDM Undertaking shall, without any further act or deed, be transferred to, or be deemed to be transferred to Resulting Company 2 so as to become, from the Appointed Date, the Liabilities of Resulting Company 2 and Resulting Company 2 undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen, in order to give effect to the provisions of this sub- Paragraph.

(b) Where any of the liabilities and obligations pertaining to the BPDM Undertaking on the Appointed Date, has been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of Resulting Company 2.

(c) All loans raised and used, and Liabilities incurred, if any, by the Demerged Company after the Appointed Date, but prior to the Effective Date, for the BPDM Undertaking shall be deemed to be transferred to, and discharged by Resulting Company 2 without any further act or deed.

(d) Upon the Scheme becoming effective, the secured creditors of the Demerged Company, relating to the Remaining Undertaking shall not be entitled to security over properties, Assets, rights, benefits and interest of Resulting Company 2.

(e) The vesting of the BPDM Undertaking as aforesaid shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the BPDM Undertaking, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the Assets of the BPDM Undertaking have been or are offered or agreed to be offered as securities for any financial assistance or obligations, shall be construed as a reference to only the Assets pertaining to the BPDM Undertaking, as applicable, as are vested in Resulting Company 2 as per this Scheme, to the end and intent that any such security, charge, hypothecation and mortgage shall not extend or be deemed to extend to any of the other Assets of the Demerged Company or any of the Assets of Resulting Company 2. Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the Assets, or any part thereof, of Resulting Company 2 shall continue with respect to such Asset, or part thereof, and this Scheme shall not operate to enlarge such securities, charges, hypothecation and mortgages.

(f) The provisions of Paragraph 8.1.3(e) above shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions. For avoidance of doubt the provisions of Paragraph 8.1.3(e) above shall not be construed as limiting the operation of Part E of this Scheme.

(g) Upon this Scheme becoming effective, the borrowing limits of Resulting Company 2 shall, without any further act or deed, stand enhanced by an amount being the aggregate of the Liabilities pertaining to the BPDM Undertaking which are being transferred to Resulting Company 2 pursuant to this Scheme and Resulting Company 2 shall not be required to pass any separate resolution in this regard.

8.1.4 **Contracts, Deeds, Bonds and Other Instruments**

(a) Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, agreements entered into with various persons including independent consultants, subsidiaries/ associate companies and other shareholders of such subsidiaries/ associate companies, arrangements and other instruments of whatsoever nature in relation to the BPDM Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date,

shall continue in full force and effect on or against or in favour, as the case may be, of Resulting Company 2 and may be enforced as fully and effectually as if, instead of the Demerged Company, Resulting Company 2 had been a party or beneficiary or obligee thereto or thereunder.

(b) Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the BPDM Undertaking with Resulting Company 2 occurs by virtue of this Scheme itself, Resulting Company 2 may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above. Resulting Company 2 shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

(c) Without prejudice to the generality of the foregoing, it is clarified that upon this Scheme becoming effective and with effect from the Appointed Date, all consents, agreements, permissions, all statutory or regulatory licences, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the BPDM Undertaking shall stand transferred to Resulting Company 2 as if the same were originally given by, issued to or executed in favour of Resulting Company 2, and Resulting Company 2 shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to Resulting Company 2. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority, or by any other person, or availed by the Demerged Company in relation to the BPDM Undertaking are concerned, the same shall vest with and be available to Resulting Company 2 on the same terms and conditions as applicable to the Demerged Company, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Resulting Company 2.

(d) The Demerged Company has set up a trust, by the name of "HSIL Corporate Social Responsibility Foundation", for the purpose of fulfilling its corporate social responsibility under the Companies Act, 2013, either singly or along with its subsidiary companies or along with any other company or holding or subsidiary company of such other company. Subject to provisions of the Companies Act, 2013, it is proposed that the HSIL Corporate Social Responsibility Foundation be restructured to permit Resulting Company 2 to utilize the same for fulfilling its corporate social responsibility under the Companies Act, 2013 as well.

(e) It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the BPDM Undertaking to which the Demerged Company is a party, cannot be transferred to Resulting Company 2 for any reason whatsoever, the Demerged Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resulting Company 2.

(f) Upon this Scheme becoming effective, all the resolutions, if any, of the Demerged

Company which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as the resolutions of Resulting Company 2, to the extent such resolutions pertain to the BPDM Undertaking, and, if any such resolutions have an upper monetary or any other limits imposed under the provisions of the Act, then the said limits shall apply *mutatis mutandis* to such resolutions and shall constitute the aggregate of the said limits in Resulting Company 2.

8.1.5 **Employees**

(a) Upon the Scheme becoming effective, all employees of the BPDM Undertaking shall be deemed to have become employees of Resulting Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Demerged Company, on the Effective Date. The services of such employees with the Demerged Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

(b) With regard to provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of such employees of the BPDM Undertaking, Resulting Company 2 shall, upon this Scheme becoming effective, stand substituted for the Demerged Company for all purposes whatsoever, including with regard to the obligation to make contributions to the said funds and schemes, in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents.

(c) The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Demerged Company for such employees of the BPDM Undertaking shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by Resulting Company 2 without any separate act or deed/ approval. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by Resulting Company 2 to the existing funds maintained by the Demerged Company.

(d) If any of the employees of the Demerged Company being transferred to Resulting Company 2 as part of this Scheme are covered under any directors and officers liability insurance policy ("**D&O Insurance**") policy taken by the Demerged Company as on the Effective Date, then, irrespective of their transfer to Resulting Company 2, such employees shall continue to be covered by such D&O Insurance, for the remainder of the term of the insurance policy, and the Demerged Company and/or Resulting Company 2, as the case may be, shall execute all documents as may be required, including with the insurance company(ies), to give effect to this sub-Paragraph (d).

(e) The Demerged Company, pursuant to a notification in the Official Gazette dated October 22, 1968, issued by the Secretary to the Government, Haryana, Labour and employment departments, in exercise of the powers conferred under Paragraph 27-A of the Employees' Provident Funds Scheme, 1952, has been granted an exemption from the operations of the Employees' Provident Funds Scheme, 1952 and currently deposits the provident fund collections of certain employees into the fund, "Somany Provident Fund

Institution". Subject to receipt of appropriate regulatory approvals, it is proposed that the Somany Provident Fund Institution may be restructured to permit Resulting Company 2 to utilize the same for depositing the provident fund collections of its employees as well.

(f) The Demerged Company has set up a fund, by the name of "H S I Employees' Gratuity Fund", to meet the gratuity obligations of the Demerged Company towards its eligible employees. Subject to receipt of appropriate regulatory approvals, it is proposed that the H S I Employees' Gratuity Fund may be restructured to permit Resulting Company 2 to utilize the same for its gratuity obligations towards its employees as well.

8.1.6 **Continuation of Legal Proceedings**

(a) From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in relating to the BPDM Undertaking ("**BPDM Undertaking Proceedings**") shall be continued and enforced by or against Resulting Company 2 after the Effective Date, to the extent legally permissible. To the extent such BPDM Undertaking Proceedings cannot be taken over by Resulting Company 2, such proceedings shall be pursued by the Demerged Company as per the instructions of and entirely at the costs and expenses of Resulting Company 2.

(b) If the BPDM Undertaking Proceedings are taken against the Demerged Company in respect of the matters referred to in Paragraph 8.1.6(a) above, it shall defend the same in accordance with the advice of Resulting Company 2 and at the cost of Resulting Company 2, and the latter shall reimburse and indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

(c) If any BPDM Undertaking Proceedings is pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against Resulting Company 2 in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.

(d) In the event of any difference or difficulty on whether any specific legal or other proceedings relates to the BPDM Undertaking or not, the decision of the Board of Directors of the Demerged Company in this regard shall be conclusive and binding on the Demerged Company and Resulting Company 2.

8.1.7 **Treatment of taxes**

(a) With effect from the Appointed Date and upon the Scheme becoming effective, all taxes and duties payable by the Demerged Company, accruing and relating to the operations of the BPDM Undertaking from the Appointed Date onwards, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims, as the case may be, of Resulting Company 2.

(b) Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of

carried forward losses and other statutory benefits, including in respect of income tax (including MAT credit), Cenvat, customs, VAT, sales tax, service tax, goods and services tax (GST), etc. relating to the BPDM Undertaking to which the Demerged Company is entitled to shall be available to and vest in Resulting Company 2, without any further act or deed.

(c) Upon this Scheme becoming effective, the Demerged Company and Resulting Company 2 are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, service tax returns, goods and services tax (GST) returns and other tax returns for the period commencing on and from the Appointed Date, and to claim refunds/ credits, pursuant to the provisions of this Scheme.

(d) The Board of Directors of the Demerged Company shall be empowered to determine if any specific tax liability or any tax proceeding relates to the BPDM Undertaking and whether the same would be transferred to Resulting Company 2.

(e) Upon this Scheme becoming effective, any tax deposited, certificates issued or returns filed by the Demerged Company relating to the BPDM Undertaking shall continue to hold good as if such amounts were deposited, certificates were issued and returns were filed by Resulting Company 2.

(f) All the expenses incurred by the Demerged Company and Resulting Company 2 in relation to the demerger of the BPDM Undertaking, as per Part C of this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Demerged Company and Resulting Company 2 in accordance with Section 35DD of the IT Act over a period of 5 years beginning with the previous year in which this Scheme becomes effective.

8.1.8 Saving of concluded transactions

The transfer of Assets and Liabilities to, and the continuance of proceedings by, or against, Resulting Company 2 as envisaged in Part C above shall not affect any transaction or proceedings already concluded by the Demerged Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that Resulting Company 2 accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.

8.1.9 Conduct of Business

(a) With effect from the Appointed Date and up to and including the Effective Date:

(i) The Demerged Company undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and Assets of the BPDM Undertaking, for and on account of and in trust for Resulting Company 2;

(ii) All profits accruing to the Demerged Company and all taxes thereon or losses arising or incurred by it with respect to the BPDM Undertaking shall, for all purposes, be treated as and deemed to be the profits, taxes or losses, as the case may be, of Resulting Company 2;

(iii) the Demerged Company shall carry on the business of the BPDM Undertaking

with reasonable diligence and business prudence and in the same manner as it had been doing hitherto and shall be entitled to take all decisions in relation to the BPDM Undertaking, as may be required; and

(iv) except with the consent of the Board of Directors of the Demerged Company and Resulting Company 2, Resulting Company 2 shall not make any change in its capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner effect the reorganisation of capital of Resulting Company 2.

(b) Resulting Company 2 shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which Resulting Company 2 may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any Applicable Law for time being in force for carrying on business of the BPDM Undertaking.

PART D

9. ISSUE OF NEW EQUITY SHARES AND CANCELLATION OF EXISTING SHARES

9.1 Resulting Company 1 shall have taken all necessary steps, including by way of passing all enabling corporate resolutions to increase or alter, to the extent required, its authorised share capital suitably so as to enable it to issue and allot the New Equity Shares under this Scheme and if applicable, for the issuance of the necessary share certificates and/or letters of allotment representing such Shares.

9.2 **Issuance of New Equity Shares**

9.2.1 Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1; and (b) the demerger of the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, Resulting Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Demerged Company as on the Record Date, 1 equity share of Rs. 2 each of Resulting Company 1 for every 1 equity share of Rs. 2 each of the Demerged Company.

9.2.2 Approval of this Scheme by the shareholders of Resulting Company 1 shall be deemed to mean that the said shareholders have also accorded all relevant consents under the Act for the issue and allotment of New Equity Shares by Resulting Company 1 to the shareholders of the Demerged Company.

9.2.3 The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company whose name is recorded in the register of members of the Demerged Company as holding shares as of the Record Date. Provided however that, the number of New Equity Shares will be equitably adjusted to reflect appropriately the effect of any share split, reverse share split, dividend, including any extra-ordinary cash dividend, reorganization, recapitalisation, reclassification, combination, exchange of shares, or other like change with respect to Resulting Company 1 shares on the books of Resulting Company 1 as on the Record Date.

9.2.4 In case any shareholder's shareholding in the Demerged Company is such that the shareholder becomes entitled to a fraction of an equity share in Resulting Company 1, Resulting Company 1 shall not allot fractional shares to such shareholder but shall consolidate such fractions and issue consolidated equity shares to a separate trustee nominated by Resulting Company 1 in that behalf, who shall sell such equity shares at prevailing market prices within a reasonable time frame after allotment and distribute the net sale proceeds by cheque (after deduction of tax and all other associated costs as applicable) to the shareholders of the Demerged Company, in proportion to their fractional entitlements. During consolidation of the fractional shares, if the sum of such fractional shares is not a whole integer, Resulting Company 1 shall issue such additional fractional share to the trustee, such that the total shares so issued shall be rounded off to the next whole integer. The issue of the fractional share by Resulting Company 1 to the trustee, shall form an integral part of the consideration to be paid under the Scheme.

9.2.5 The New Equity Shares shall be subject to the memorandum and articles of association of Resulting Company 1.

9.2.6 The issue and allotment of the New Equity Shares by Resulting Company 1 to the shareholders of the Demerged Company as provided in this Scheme is an integral part thereof and shall be deemed

to have been carried out as if the procedure laid down under Section 62 read with Section 42 of the Companies Act, 2013 and any other applicable provisions of the Act were duly complied with.

9.2.7 New Equity Shares shall be issued in dematerialised form, unless otherwise notified in writing by any shareholder of the Demerged Company on or before such date as may be determined by the Board of Directors of Resulting Company 1 or a duly authorised committee thereof. In the event that such notice has not been received by Resulting Company 1 in respect of any of the shareholders of the Demerged Company as of the Record Date, the equity shares shall be issued to such shareholders in dematerialised form provided that such shareholders shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event any shareholder has notified Resulting Company 1 as contemplated above that they desire to be issued shares in the physical form or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company 1 or if any shareholder holding shares in the physical form does not notify the account details of the depository participant for electronic credit of the shares of Resulting Company 1 as contemplated above, then Resulting Company 1 shall issue equity shares in physical form to such shareholders of the Demerged Company.

9.2.8 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date or the Effective Date, as the case may be to effectuate such a transfer in Resulting Company 1 as if such changes in the registered holders were operative on the Record Date, in order to remove any difficulties arising to the transfer of the share in Resulting Company 1 and in relation to New Equity Shares.

9.2.9 Equity shares to be issued by Resulting Company 1 pursuant to this Scheme, in respect of any equity shares of the Demerged Company, which are held in abeyance under the provisions of the Act or otherwise, shall pending allotment or settlement of dispute by order of Court or otherwise be held by the trustees appointed by Resulting Company 1.

9.3 **Cancellation of equity shares held by the Demerged Company in Resulting Company 1**

9.3.1 Simultaneous with the issuance of the New Equity Shares, in accordance with Paragraph 9.2 of this Scheme, the initial issued and paid up equity share capital of Resulting Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Demerged Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Demerged Company and its nominees representing the equity shares in Resulting Company 1 shall be deemed to be cancelled and from and after such cancellation.

9.3.2 The cancellation of the equity share capital held by the Demerged Company and its nominees in Resulting Company 1, in accordance with Paragraph 9.3.1 of this Scheme, shall be effected as a part of this Scheme itself and not under a separate procedure, in terms of Section 66 of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Companies Act, 2013, or any other applicable provisions, confirming the reduction. The consent of the shareholders of Resulting Company 1 to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the reduction under the provisions of Section 66 of the Companies Act, 2013 as well and no further compliances would be separately required.

9.3.3 Resulting Company 1 shall not be required to add the words "and reduced" as suffix to its name

consequent upon the reduction of capital under Paragraph 9.3.2 above

9.3.4 The reduction of capital of Resulting Company 1, as above, does not involve any diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.

9.4 The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new shareholders in Resulting Company 1, on account of the difficulties, if any, in the transition period.

9.5 Further, approval of this Scheme by the shareholders of Resulting Company 1 shall also be deemed to be the approval by the shareholders for enabling investment by foreign institutional investors / registered foreign portfolio investors, under the Portfolio Investment Scheme up to 40% of the paid up share capital of Resulting Company 1. Resulting Company 1 shall, upon the coming into effect of the Scheme, intimate the RBI and comply with such other requirements as mandated by the extant foreign exchange regulations relating thereto.

9.6 Listing of New Equity Shares

9.6.1 Post effectiveness of this Scheme, the share capital of Resulting Company 1, including the New Equity Shares to be issued and allotted by Resulting Company 1 in terms of Paragraph 9.2 above shall be listed and shall be admitted for trading on the Stock Exchanges by virtue of this Scheme and in accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017. Resulting Company 1 shall make all requisite applications and shall otherwise comply with the provisions of the aforesaid circulars and Applicable Laws and take all steps to get its share capital including the New Equity Shares issued by it in pursuance to this Scheme listed on the Stock Exchanges.

9.6.2 The New Equity Shares issued and allotted pursuant to this Scheme shall remain frozen in the depositories system until listing and trading permission is granted by the relevant designated Stock Exchange for their listing and trading. Post the issuance of the New Equity Shares by Resulting Company 1 in terms of Paragraph 9.2 of this Scheme, there shall be no change in the share capital of Resulting Company 1, including the New Equity Shares, or 'Control' in Resulting Company 1 between Record Date and the date of listing of the equity shares of Resulting Company 1, which may affect the status of the approval granted by the Stock Exchanges, and any other governmental authority in this regard.

10. ACCOUNTING TREATMENT

10.1 Accounting treatment in the books of account of the Demerged Company

10.1.1 The Board of Directors of the Demerged Company shall give effect to the Scheme in the books of account of the Demerged Company, as they deem fit, in accordance with the applicable Indian Accounting Standards and Generally Acceptable Accounting Principles.

10.1.2 The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of, (a) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:

(a) The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of

the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company.

(b) Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.

(c) Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.

(d) The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.

(e) The excess, if any, of Paragraphs 10.1.2(b) and 10.1.2(c) above, over Paragraphs 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.

(f) The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:

(i) Capital Reserve Account;

(ii) Securities Premium Account; and

(iii) General Reserve.

10.1.3 The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2 Accounting treatment in the books of Resulting Company 1

10.2.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:

(a) The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be reflected at their carrying amounts.

(b) Resulting Company 1 shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Demerged Company under Paragraph 9.2 of the Scheme.

(c) Resulting Company 1 shall record the Reserves, as determined by the Board of Directors



of the Demerged Company, in its financial statements

(d) The existing share capital of Resulting Company 1 shall be cancelled in accordance with Paragraph 9.3 of the Scheme.

(e) The difference, if any, from the accounting under the Paragraphs above, shall be recorded as capital reserve in the books of Resulting Company 1.

(f) Negative capital reserve, if any, created pursuant to Paragraphs above, shall be adjusted against the existing reserves of Resulting Company 1, in the manner as decided by its Board of Directors, in consultation with its Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.2.2 The existing shareholding of the Demerged Company in Resulting Company 1 shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. Face value of the equity shares so cancelled, shall be credited to the capital reserve account of Resulting Company 1.

10.2.3 The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2.4 The Board of Directors of Resulting Company 1 shall give effect to the Scheme in the books of account of Resulting Company 1, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

10.3 **Accounting treatment in the books of Resulting Company 2**

10.3.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall account for the demerger of the BPDM Undertaking, pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 2:

(a) The assets and liabilities of the BPDM Undertaking shall be reflected at their carrying amounts.

(b) Resulting Company 2 shall record the reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(c) The difference, if any, from the accounting under the Paragraphs 10.3.1(a) and (b) above shall be recorded as capital reserve.

(d) Negative capital reserve, if any, created pursuant to the Paragraphs 10.3.1(a) and (b) above, shall be adjusted against the existing reserves of Resulting Company 2, in the manner as decided by its Board of Directors, in consultation with the Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.3.2 The reduction, if any, under Paragraph 10.3.1(d) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.3.3 The Board of Directors of Resulting Company 2 shall give effect to the Scheme in the books of account of Resulting Company 2, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

11. REMAINING UNDERTAKING

11.1 The Remaining Undertaking and all the Assets, properties, rights, Liabilities and obligations thereto shall continue to belong to and be vested in and be managed by the Demerged Company and Resulting Company 1 and Resulting Company 2 shall have no right, claim or obligation in relation to the Remaining Undertaking. From the Appointed Date, the Demerged Company shall carry on the activities and operations of the Remaining Undertaking distinctly and as a separate business from the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking.

11.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking shall be continued and enforced by or against the Demerged Company after the Effective Date. Resulting Company 1 and Resulting Company 2 shall in no event be responsible or liable in relation to any such legal or other proceeding against the Demerged Company.

11.3 With effect from the Appointed Date and up to, including and beyond the Effective Date, the Demerged Company:

(a) shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Undertaking for and on its own behalf; and

(b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of the Demerged Company.

PART E - GENERAL TERMS AND CONDITIONS

12. **Application to the Hon'ble Tribunal**

12.1 The Demerged Company shall have obtained an observation/no-objection letter from the Stock Exchanges, in accordance with Applicable Laws.

12.2 The Demerged Company, Resulting Company 1 and Resulting Company 2 shall make the requisite joint company applications under Sections 230 to 232 of the Companies Act, 2013 and Section 66 of the Companies Act, 2013 other applicable provisions of the Act, to the Hon'ble Tribunal, for seeking sanction of this Scheme.

13. **Modifications to the Scheme**

13.1 The Companies (acting through their respective Board of Directors) may, in their full and absolute discretion, assent to any amendments, alterations or modifications to this Scheme, in part or in whole, which the Hon'ble Tribunal and/or any other authorities may deem fit to direct, approve or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out this Scheme, including any individual part thereof, or if the Board of Directors are of the view that the coming into effect of this Scheme, in part or in whole, in terms of the provisions of this Scheme, could have an adverse implication on all or any of the Companies. Each of the Companies (acting through their respective Board of Directors) be and are hereby authorised to take such steps and do all acts, deeds and things, as may be necessary, desirable or proper to give effect to this Scheme, in part or in whole and to resolve any doubts, difficulties or questions whether by reason of the order of the Hon'ble Tribunal or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith and may also in their full and absolute discretion, withdraw or abandon this Scheme, or any individual part thereof, at any stage prior to the Effective Date.

13.2 If any part of this Scheme is held invalid, ruled illegal by any court of competent jurisdiction, or becomes unenforceable for any reason, whatsoever, whether under present or future laws, then it is the intention of the Companies that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either of the Companies in which case the Companies shall attempt to bring about a modification in this Scheme, as will best preserve for the Companies the benefits and obligations of this Scheme, including but not limited to such part.

14. **Conditions for the scheme becoming effective**

14.1 The demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1 and demerger of the BPDM Undertaking into Resulting Company 2 are conditional upon and subject to:

(a) the sanction for the Scheme, by the Hon'ble Tribunal, under Sections 230 to 232 and Section 66 of the Companies Act, 2013, being obtained; and

(b) a certified copy of the order of the Hon'ble Tribunal sanctioning the Scheme being filed with the Registrar of Companies, Kolkata, by each of the Companies.

14.2 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety, unless specifically agreed otherwise by the Board of Directors of the Demerged Company.

15. **Sequence of coming into effect of this Scheme**

15.1 The Scheme shall come into operation from the Effective Date, but with effect from the Appointed Date.

15.2 Upon this Scheme becoming effective, with effect from the Appointed Date, Part B and Part C of the Scheme shall be deemed to have occurred and become effective and operative simultaneously.

16. **Revocation, Withdrawal of this Scheme**

Subject to the order of the Hon'ble Tribunal, the Board of Directors of the Demerged Company shall be entitled to revoke, cancel, withdraw and declare this Scheme of no effect at any stage if, (a) this Scheme is not being sanctioned by the Hon'ble Tribunal or if any of the consents, approvals, permissions, resolutions, agreements, sanctions and conditions required for giving effect to this Scheme are not obtained or for any other reason; (b) in case any condition or alteration imposed by the shareholders and/or creditors of the Companies, the Hon'ble Tribunal or any other authority is not acceptable to the Board of Directors of the Demerged Company; or (c) the Board of Directors of the Demerged Company are of the view that the coming into effect of this Scheme, in terms of the provisions of this Scheme, or filing of the drawn up order with any governmental authority could have adverse implication on all or any of the Companies. On revocation, withdrawal, or cancellation, this Scheme shall stand revoked, withdrawn, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* between the Companies or their respective shareholders or creditors or employees or any other person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the Applicable Law and in such case, the Demerged Company shall bear all costs relating to this Scheme unless otherwise mutually agreed.

17. **Effect of non-receipt of approvals**

In case this Scheme is not sanctioned by the Hon'ble Tribunal, or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in this Scheme not being obtained or complied or for any other reason, if this Scheme cannot be implemented, then, this Scheme shall become null and void, and the Demerged Company shall bear the entire cost, charges and expenses in connection with this Scheme unless otherwise mutually agreed.

18. **Costs, charges and expenses**

All costs, charges, fees, taxes including duties, stamp duties, levies and all other expenses, if any (save as expressly agreed otherwise or if directed by the Hon'ble Tribunal) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by the Demerged Company.

19. Based on mutual agreement between the Board of Directors of the Demerged Company, Resulting Company 1 and Resulting Company 2 and subject to the provisions of Applicable Law, the Board



of Directors of the Companies may authorise the execution of appropriate arrangements between the Companies and the lenders, as may be required, in respect of any loans raised by the Demerged Company prior to the Effective Date.

20. **Dividend/ Distribution of Profits**

The Companies shall be entitled to declare and make a distribution/ pay dividends, whether interim or final, and/or issue bonus shares, to their respective members/shareholders prior to the Effective Date in accordance with Applicable Law.

21. **Compliance with Applicable Laws**

The Companies undertake to comply with all Applicable Laws (including all applicable compliances required by SEBI and the Stock Exchanges) including making the requisite intimations and disclosures to any statutory or regulatory authority and obtaining the requisite consent, approval or permission of the central government, RBI (if required), SEBI, Stock Exchanges, Competition Commission of India (if required) or any other statutory or regulatory authority, which by law may be required for the implementation of this Scheme or which by law may be required in relation to any matters connected with this Scheme.

22. **Provisions incorporated as per directions of SEBI/Stock Exchanges**

Action taken by SEBI/RBI

SEBI has issued a common order, Order No. WTM/PS/OS/CFD/JUNE/2013, dated June 04, 2013, against 105 listed companies, including India Power Corporation Limited (previously known as DPSC Limited), for non-compliance with the SEBI requirements of maintaining minimum public shareholding in a listed company. By way of the said order, the directors of all such companies, including India Power Corporation Limited, were *inter alia* (a) prohibited from buying, selling or otherwise dealing in securities of such non-compliant companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with the minimum public shareholding requirement; and (b) restrained from holding any new position as a director in any listed company, till such time such non-compliant companies comply with the minimum public shareholding requirement. The Demerged Company has been given to understand that Mr. Nand Gopal Khaitan (DIN: 00020588), an independent director on its Board of Directors since September 27, 1996, was also an independent director on the board of directors of India Power Corporation Limited at the time the said order was passed. The Demerged Company further understands that Mr. Nand Gopal Khaitan has filed an appeal against the said order of SEBI before the Securities Appellate Tribunal, which appeal is currently pending.

India Power Corporation Limited is not in any way related to, or affiliated with, the Demerged Company, Resulting Company 1 or Resulting Company 2. Further, it is pertinent to note that the aforementioned order of SEBI is against Mr. Nand Gopal Khaitan in his individual capacity and has no legal implication on the Demerged Company, Resulting Company 1 or Resulting Company 2.

SCHEDULE I

Registered trademarks forming part of the BPDM Undertaking

	Trademark	Application Number
1.	Dura Clay	239214
2.	Hinsan Heat Rings	290967
3.	Zircodence	366563
4.	Alludence	366562
5.	Zircohind	346478
6.	Duravit	411139
7.	H-Vitreous	1780268
8.	HSI Vitreous Hindware	529824
9.	H-VITREOUS HINDWARE	529823
10.	H-VITEROUS HINDWARE HINDUSTAN SANITARYWARE & INDUSTRIES LIMITED	1249275
11.	HINDWARE	608202B
12.	Hindware (stylized)	1270477
13.	hindware	2127595
14.	hindware ITALIAN COLLECTION	2118863
15.	Hindware ITALIAN COLLECTION	1270478
16.	Hindware PREMIUM	1270487
17.	BURROW BACK SEAT	969214
18.	PADDLE BOAT SEAT	969216
19.	Relaxa Seat	969215
20.	CASCADE STEPS	969213
21.	SLEEK HAI TO THEEK HAI	929840

22	Sleek	1244117
23	Sleek Ultra (label)	1112898
24	LISPO	1505314
25	LISPO	1505315
26	PONCHO	1467358
27	BENE LAVE	1589347
28	BENE LAVE	1589341
29	BENE LAVE	1589348
30	BENE LAVE	1589349
31	BENE LAVE	1589350
32	BENE LAVE	1589353
33	BENE LAVE	1589352
34	BENE LAVE	1589351
35	BENELAVE	2159751
36	BENELAVE	2159749
37	hindware ITALIAN COLLECTION	2127594
38	hindware ART	2127596
39	hindware ART	2118862
40	GERMI CLEAN from Hindware	1784754
41	hindware sleek essence	2799128
42	magari	2991258
43	magari	2991256
44	magari	2991259
45	magari	2991260
46	mamma mia	2991257

47	mamma mia	2991255
48	cbello	2991263
49	cbello	2991261
50	hindware	2159746
51	Intaliano by hindware	3407012
52	Intaliano by hindware	3407011
53	hindware ITALIA	3407001
54	HINDWARE ITALIA	3407291
55	INTALIANO BY HINDWARE	3407298
56	ITALIA BY HINDWARE	3407292
57	INTALIANO BY HINDWARE	3407299
58	Intaliano by hindware	3407010
59	ITALIA BY HINDWARE	3407293
60	INTALIANO BY HINDWARE	3407300
61	hindware ITALIAN COLLECTION BATHROOMS YOU KEEPADMIRING (LABEL)	2991264
62	Intaliano	3407007
63	INTALIANO	3407294
64	INTALIANO	3407295
65	INTALIANO	3407296
66	INTALIANO	3407297
67	Hindware British Collection	3455646
68	Hindware British Collection	3455647
69	Hindware German Collection	3455650
70	Hindware English Collection	3455653

71.	Hindware English Collection	3455654
72.	Hindware French Collection	3455655
73.	Hindware Paris Collection	3455658
74.	HINDWARE SPANISH COLLECTION	3459928
75.	HINDWARE SPANISH COLLECTION	3459929
76.	Hindware Paris Collection	3455649
77.	Hindware English Collection	3455652
78.	Hindware French Collection	3455656
79.	Hindware French Collection	3455657
80.	TRUFLO PIPES & FITTINGS BY HINDWARE	3315070
81.	TRUFLO PIPES & FITTINGS BY HINDWARE LEAKAGE NAHI FLOW BHI SAHI	3315085
82.	TRUFLO PIPES & FITTINGS BY HINDWARE LEAKAGE NAHI FLOW BHI SAHI	3315086
83.	TRUFLO PIPES BY HINDWARE	3315061
84.	TRUFLO BY HINDWARE	3315073
85.	TRUFLO BY HINDWARE	3315074
86.	TRUFLO BY HINDWARE	3315076
87.	TRUFLO	3313836
88.	TRUFLO BY HINDWARE	3315078
89.	TRUFLO PIPES & FITTINGS BY HINDWARE	3315079
90.	TRUFLO PIPES & FITTINGS BY HINDWARE	3315080
91.	TRUFLO PIPES & FITTINGS BY HINDWARE	3315084
92.	TRUFLO PIPES BY HINDWARE	3313829
93.	TRUFLO FITTINGS BY HINDWARE LEAKAGE FULL STOP	3313878
94.	TRUFLO BY HINDWARE	3313854

95	TRUFLO PIPES BY HINDWARE	3315062
96	TRUFLO PIPES & FITTING BY HINDWARE	3315068
97	TRUFLO PIPES BY HINDWARE LEAKAGE FULL STOP	3313865
98	TRUFLO FITTINGS BY HINDWARE LEAKAGE NAHI FLOW BHI SAHI	3313877
99	TRUFLO FITTINGS BY HINDWARE	3313850
100.	TRUFLO	3313838
101.	TRUFLO	3313839
102.	TRUFLO PIPES & FITTINGS BY HINDWARE LEAKAGE NAHI FLOW BHI SAHI	3315090
103.	TRUFLO PIPES BY HINDWARE	3313827
104.	TRUFLO FITTINGS BY HINDWARE	3313853
105.	TRUFLO PIPES BY HINDWARE	3313828
106.	TRUFLO PIPES BY HINDWARE	3315064
107.	TRUFLO PIPES BY HINDWARE	3315066
108.	TRUFLO PIPES & FITTINGS BY HINDWARE LEAKAGES FULL STOP	3313866

SCHEDULE II

Registered trademarks forming part of the CPDM Undertaking

1.	SNOWCREST	3201515
2.	MOONBOW EZILI	3297411
3.	MOONBOW ACHELOUS	3297410

SCHEDULE III

Registered trademarks and copyrights forming part of the Retail Undertaking

I. **Registered trademarks forming part of the Retail Undertaking**

SI.No.	Particulars	Registration Number
1.	evok (word per se)	1589342
2.	evok homes with soul	1677516
3.	evok	1579362
4.	evok homes with soul	1677517
5.	evok	1502530
6.	evok	1512242
7.	EVOK HOMES WITH SOUL	1677518
8.	evok (word per se)	1579363
9.	evok HOMES WITH SOUL	1677519
10.	evok	1579364
11.	evok homes with soul	1677520
12.	evok	1579365
13.	evok homes with soul	1677521
14.	INCASA	1502533
15.	evok	1502535
16.	evok	1512243
17.	evok	1677522

	homes with soul	
18.	evok	1502529
19.	evok (logo)	1512244
20.	evok HOMES WITH SOUL	1677523
21.	evok	1502536
22.	evok	1512245
23.	EVOK HOMES WITH SOUL	1677524
24.	evok	1502537
25.	evok	1512246
26.	evok homes with soul	1677525
27.	evok	1502531
28.	evok (word per se)	1512247
29.	EVOK HOMES WITH SOUL	1677526
30.	INCASA	1502534
31.	evok	1502538
32.	evok	1512248
33.	EVOK HOMES WITH SOUL	1677527
34.	evok HOMES WITH SOUL	1677528
35.	evok	1502532
36.	Evok (LOGO)	1512249
37.	evok homes with soul	1677529

2. **Copyrights forming part of the Retail Undertaking:**

(a) EVOK Homes With Soul The Home Fashion Mega Store (LABEL); and

(b) EVOK Homes With Soul (LABEL).

IN THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH, AT KOLKATA

CA (CAA) No. 649/KB/2018

In the matter of:
The Companies Act, 2013;

And
In the matter of:
Sections 230, 231 and 232 of the said Act;

And
In the matter of:
M/S HSIL LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700001;
...Applicant Company no. 1/ Transferor Company

And
In the matter of:
M/S SOMANY HOME INNOVATION LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001;
...Applicant Company no. 2/ First Transferee Company

And
In the matter of:

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M/S BRILLOCA LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001;

...Applicant Company no. 3/ Second Transferee Company

And

In the matter of:

1. M/S HSIL LIMITED
2. M/S SOMANY HOME INNOVATION LIMITED
3. M/S BRILLOCA LIMITED

.... Applicants

Coram : Shri Jinan K.R., Member(Judicial)

For the Applicant :

Mrs. Manju Bhuteria, Advocate
Ms. Pooja Jewrajka, Advocate

Date of pronouncement of order: 2|8|2018

ORDER

Per Shri Jinan K.R., Member(Judicial)

1. The instant joint application has been filed for the purpose of ultimately obtaining sanction of this Tribunal to a Scheme, pursuant to and under the provisions of Sections 230 and 232 of the Act and the relevant provisions thereunder, in

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the manner provided in the Scheme, whereby a)all the assets and liabilities pertaining to the CPDM Undertaking and the Retail Undertaking of the Transferor Company shall be demerged and transferred to and be vested in the First Transferee Company, each on a going concern basis and b)all the assets and liabilities pertaining to the BPDM Undertaking of the Transferor Company shall be demerged and transferred to and be vested in the Second Transferee Company , on a going concern basis, with effect from the Appointed Date and upon the Scheme becoming effective. A copy of the Scheme is annexed to the application and marked as **'Annexure A'.** [Page 43 of the Application]

2. It is stated in the proposed Scheme of Arrangement that the segregation of businesses as envisaged in the Scheme will enable sharper focus and better alignment of the businesses to its customers and shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

3. It is stated in the proposed Scheme of Arrangement that the Scheme shall enable each of the Demerged Undertakings and

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the Remaining Undertakings to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles and shall result in creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertakings.

4. It is stated in the proposed Scheme of Arrangement that the Scheme shall benefit all stakeholders, leading to growth and value creation in the long run and maximizing the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.

5. The Board of Directors of each of the Applicant Companies have, at their Board meeting held on November 10, 2017 approved the Scheme. The Board Resolutions are annexed to the application and marked as **'Annexure E'**, [Page 421 of the Application], **'Annexure L'**, [Page 514 of the Application] and **'Annexure T'**. [Page 620 of the Application].

6. It is further stated in the application that the aggregate assets of all the Applicant Companies are more than sufficient to meet all the liabilities and the said Scheme will not adversely

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affect the rights of any of the creditors of the Applicant Companies, in any manner whatsoever and due provisions have been made for payment of all liabilities, as and when the same shall fall due in usual course.

7. It is further stated in the application that no investigation proceedings are pending against the Applicant Companies under Sections 210, 213 to 217, 219, 220, 222 to 227 of the Companies Act, 2013 or any other provisions thereof.

8. A firm of Chartered Accountant has prepared a Report determining the Share Entitlement Ratio upon implementation of the Scheme. A copy of the Report is annexed to the application and marked as **'Annexure X'.** [Page 657 of the Application].

9. The Statutory Auditors of each of the applicant companies have provided a certificate to the effect that the Accounting Treatment in the Scheme is in compliance with the applicable Accounting Standards and the Generally Accepted Accounting Principles in India. Copies of such certificated dated November 10, 2017 are annexed to the application and marked as **'Annexure BB'.** [Page 688 of the Application], **'Annexure CC'.** [Page 694 of the Application] and **'Annexure DD'.** [Page

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700 of the Application].

10. It is also stated in the application that the said Scheme of Arrangement is fair, reasonable and practicable and that the terms and conditions of the said Scheme will not adversely affect the shareholders or creditors of the Applicant Companies.

11. The National Stock Exchange of India Limited, the stock exchange on which the equity shares of the Transferor Company are listed, has *vide* its observation letter dated April 23, 2018 granted its no objection to the filing of the Scheme before this Hon'ble Tribunal. A copy of the said letter is annexed to the application and marked as **'Annexure Z'.** [Page 684 of the Application].

12. The BSE Limited, the stock exchange on which the equity shares of the Transferor Company are also listed, has *vide* its observation letter dated April 24, 2018 granted its no objection to the filing of the Scheme before this Hon'ble Tribunal. A copy of the said letter is annexed to the application and marked as **'Annexure AA'.** [Page 686 of the Application]

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13. It is stated that the Scheme does not in any way violate, override or circumvent any provision of the Companies Act, 2013 and the rules and regulations issued thereunder.

14. It is further stated that the Scheme does not contemplate any scheme of corporate debt restructuring as provided for under Section 230(2)(c) of the Companies Act, 2013.

15. It is stated that as on March 31, 2018, the Transferor Company, a widely held, publicly listed company, has 28935 equity shareholders holding a total of 72296395 equity shares having a face value of Rs. 2/- each. In this regard, a certificate issued by a Chartered Accountant certifying the Shareholding pattern of the Transferor Company as on March 31, 2018 is annexed to the Application and marked as **'Annexure F'** [Page 430 of the Application].

16. It is stated that the Transferor Company has a total outstanding secured debt of Rs. 6,73,81,69,684/- as on April 25, 2018. A certificate issued by a Chartered Accountant certifying the total outstanding secured debt of the Transferor Company as on April 25, 2018 is annexed to the Application and marked as **'Annexure G'.** [Page 438 of the Application]

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17. It is stated that the Transferor Company has a total outstanding unsecured debt of Rs. 5,35,52,65,302/- as on April 25, 2018. A certificate issued by a Chartered Accountant certifying the total outstanding unsecured debt of the Transferor Company as on April 25, 2018 is annexed to the Application and marked as **'Annexure H'.** [Page 446 of the Application]

18. It is stated that as on the date of this Joint Applicant, the First Transferee Company has 7 (seven) equity shareholders and no preference shareholders. It is further stated that all the equity shareholders of the First Transferee Company representing 100% in number and 100% in value of the issued, subscribed and fully paid-up equity share capital of the First Transferee Company, have given their consent in writing agreeing to the Scheme and also consented to waive the holding and convening of the meeting of the shareholders of the First Transferee Company. In this regard, a certificate issued by a Chartered Accountant certifying the list of shareholders of the First Transferee Company as on April 25, 2018 along with the consent affidavits received from all the shareholders of the First Transferee Company are annexed to the Application and marked as **'Annexure M'.** [Page 518 of

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the Application]

19. It is stated that as on March 31, 2018, the First Transferee Company has no secured creditors. In this regard, a certificate issued by a Chartered Accountant certifying that the First Transferee Company has nil secured creditors as on March 31, 2018 is annexed to the Application and marked as **'Annexure N'.** [Page 547 of the Application]

20. It is stated that as on March 31, 2018, the First Transferee Company has a total of 1 (one) unsecured creditor, being the Transferor Company, representing a total outstanding unsecured debt of 6,00,000/- (Rupees Six Lakh Only) as on March 31, 2018. In this regard, a certificate issued by a Chartered Accountant certifying that the Transferor Company is the only unsecured creditor of the First Transferee Company as on March 31, 2018 is annexed to the Application and marked as **'Annexure O'.** [Page 549 of the Application]. The consent affidavit received from the unsecured creditor is annexed to the Application and marked as **'Annexure P'.** [Page 551 of the Application].

21. It is stated that as on the date of this Joint Applicant, the Second Transferee Company has 7 (seven) equity

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shareholders and no preference shareholders. It is further stated that all the equity shareholders of the Second Transferee Company representing 100% in number and 100% in value of the issued, subscribed and fully paid-up equity share capital of the Second Transferee Company, have given their consent in writing agreeing to the Scheme and also consented to waive the holding and convening of the meeting of the shareholders of the Second Transferee Company. In this regard, a certificate issued by a Chartered Accountant certifying the list of shareholders of the Second Transferee Company as on April 25, 2018 along with the consent affidavits received from all the shareholders of the Second Transferee Company are annexed to the Application and marked as **'Annexure U'.** [Page 624 of the Application]

22. It is stated that as on March 31, 2018, the Second Transferee Company has no secured creditors. In this regard, a certificate issued by a Chartered Accountant certifying that the Second Transferee Company has nil secured creditors as on March 31, 2018 is annexed to the Application and marked as **'Annexure V'.** [Page 653 of the Application]

23. It is stated that as on March 31, 2018, the Second Transferee

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Company has no unsecured creditors. In this regard, a certificate issued by a Chartered Accountant certifying that the Second Transferee Company has nil unsecured creditors as on March 31, 2018 is annexed to the Application and marked as **'Annexure W'.** [Page 655 of the Application]

24. It is further stated that in compliance with SEBI circular bearing no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, the statutory auditor of the Transferor Company has issued a certificate dated November 10, 2017 of non applicability of requirements of Paragraph (I)(A)(9)(a) and Paragraph (I)(A)(9)(b) read with Paragraph (I)(A)(9)(c) of the said SEBI circular. A certified copy of the said certificate issued by the statutory auditor is annexed to the Application and marked as **'Annexure EE'.** [Page 706 of the Application]

25. Heard the learned Advocate, perused the records and documents annexed to the application and affidavits filed in the instant proceedings and on perusal of the submission made on behalf of the applicants, the following orders are passed herein by this Tribunal :

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(a) Separate meetings of the equity shareholders, secured creditors and unsecured creditors of the Transferor Company to be held at Somany Conference Hall of Merchants' Chamber Of Commerce, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata 700 001 on Saturday, September 29, 2018 at 11 AM, 1 PM and 1:30 PM respectively for the purpose of considering and if thought fit, approving, with or without modifications, the said Scheme.

(b) The notices of each of the aforesaid meetings shall be advertised in Form no. CAA 2, in one English newspaper being 'Financial Express' and in one Bengali newspaper being 'Aajkal' not less than 30 days before the date fixed for meetings as per Rule 7 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 with necessary variations, as may be required.

(c) That in addition, 30 (thirty) clear days before the meetings to be held as aforesaid, a notice convening the said meetings

together with copy of the Scheme and statement as required under the Companies Act 2013 disclosing necessary details and the prescribed form of proxy shall be sent to each of the said Equity shareholder, Secured creditors and Unsecured creditors of the Transferor Company by registered post or by speed post or by courier or by email or through hand delivery at their respective last known addresses, as per Rule 6 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016.

(d) The applicant companies shall serve notice of the petition on the following authorities, namely,

i. Central Government through Regional Director, Eastern region, Ministry of Corporate Affairs,

ii. Registrar of Companies, West Bengal,

iii. The Income Tax Department of the office having jurisdiction over the respective Applicant Companies,

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iv. The Official Liquidator and such other relevant and sectoral regulators/authorities, if applicable, which are likely to be affected by the proposed Scheme of arrangement by sending the same by hand delivery through special messenger or by registered post or speed post within 30 days from the date of this order for filing their representations, if any, on the petition. Notice along with the copy of the application and other related documents should be served upon the Chief Commissioner of Income Tax Department by email or speed post or by messenger. Applicant companies are also directed to mention their respective PAN no. everywhere.

(e) In view of the observations of The National Stock Exchange of India Limited and the BSE Limited stating that "It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of

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comments/observations on draft scheme by SEBI/stock exchange. Hence, the Company is not required to send notice for representation as mandated under section 230(5) of the Companies Act, 2013 to SEBI again for its comments/observations/representations.", the requirement to service of notice under Section 230(3) read with Section 230(5) of the Companies Act, 2013 to the Securities and Exchange Board of India as well as The National Stock Exchange of India Limited and the BSE Limited, the stock exchanges on which the equity shares of the Transferor Company are listed, is dispensed with.

(f) The notices served pursuant to (d) above shall specify that representations, if any, should be filed before this Tribunal within 30 days of date of receipt of the notice, with a copy of such representations being sent simultaneously to the Applicants and/or their authorized representatives. If no such representations are received by the Tribunal within the said

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period, it shall be presumed that such authorities have no representations to make on the Scheme of Arrangement.

(g) An Affidavit of Compliance of all the conditions laid down herein including newspaper publication and notice to all authorities to be filed by the Applicant Companies within seven days of service of the notice and newspaper publication.

(h) That the quorum for the aforesaid meeting of the equity shareholders of the Transferor Company shall be fixed in accordance with Section 103 of the Companies Act, 2013 present either personally or through proxy. If the Quorum as above is not present, the Chairman shall proceed with the meeting with one member Quorum, whether by person or by proxy.

(i) Voting at the said meeting of the equity shareholders of the Transferor Company shall be allowed in person and/or

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through proxy and/or through electronic means, as may be applicable to the Transferor Company under applicable laws.

(j) That the quorum for said meeting of the secured creditors of the Transferor Company shall be 5 in number, present either personally or through proxy. If the Quorum as above is not present, the Chairman shall proceed with the meeting with one secured creditor Quorum, whether by person or by proxy.

(k) That the quorum for said meeting of the unsecured creditors of the Transferor Company shall be 5 in number, present either personally or through proxy. If the Quorum as above is not present, the Chairman shall proceed with the meeting with one unsecured creditor Quorum, whether by person or by proxy.

(l) Mr. Somen Bose, Advocate, Mobile No. 9830288681) is appointed as the chairperson for the aforesaid meetings of Equity shareholders, secured creditors and unsecured

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creditors of the Transferor Company at a consolidated remuneration of Rs. 60,000/- (Rupees Sixty thousand only)

(m) Ms. Manisha Suraj, CS, is appointed as the Scrutinizer for the aforesaid meetings of Equity shareholders, secured creditors and unsecured creditors of the Transferor Company at a consolidated remuneration of Rs. 40,000/- (Rupees forty thousand only)

(n) The Chairperson appointed for the aforesaid meetings shall issue notices or shall authorise any officer of the Transferor Company to issue notices of the aforesaid meetings. The said Chairperson shall have all powers under the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 in relation to conduct of the meetings including for deciding procedural questions that may arise or at any adjournment thereof or any other matter including an amendment to the Scheme, if any proposed at any meeting by any person(s).

(o) The Chairperson to file an affidavit not less than seven days before the date fixed for the holding of the meetings to report to this Tribunal that the direction regarding the issue of notices and the advertisement by the Applicants and all other directions given in this Order have been duly complied with as per Rule 12 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016.

(p) The Chairperson do report to this Tribunal the results of the said meetings within four weeks from the date of the conclusion of the said meetings and respective reports shall be in Form CAA 4 as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016, verified by his Affidavit.

(q) In view of the consent affidavits given by all the equity shareholders of the First Transferee Company, the requirement of holding and convening meeting of the equity shareholders of the First Transferee Company, to consider

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and, if thought fit, to approve, with or without modification, the Scheme is dispensed with.

(r) In view of the First Transferee Company having no secured creditors, the requirement of holding and convening meeting of the secured creditors of the First Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme does not arise.

(s) In view of the First Transferee Company having only one unsecured creditor and in view of the consent affidavit given by such unsecured creditor, the requirement of holding and convening meeting of the unsecured creditors of the First Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme is dispensed with.

(t) In view of the consent affidavits given by all the equity shareholders of the Second Transferee Company, the requirement of holding and convening meeting of the equity

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shareholders of the Second Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme is dispensed with.

(u) In view of the Second Transferee Company having no secured creditors, the requirement of holding and convening meeting of the secured creditors of the Second Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme does not arise.

(v) In view of the Second Transferee Company having no unsecured creditors, the requirement of holding and convening meeting of the unsecured creditors of the Second Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme does not arise.

(w) Parties and Chairperson to act on the Order.

26. The Company Application CA (CAA) No. 649/ KB of 2018 is disposed of accordingly.

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27. Urgent certified copies of this order, if applied for, be supplied to the parties upon compliance of all requisite formalities.

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(Jinan K.R.)
Member(Judicial)

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IN THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH, AT KOLKATA

CA (CAA) No. 649/KB/2018

In the matter of:
The Companies Act, 2013;

And
In the matter of:
Sections 230, 231 and 232 of the said Act;

And
In the matter of:
M/S HSIL LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700001;
...Applicant Company no. 1/ Transferor Company

And
In the matter of:
M/S SOMANY HOME INNOVATION LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001;
...Applicant Company no. 2/ First Transferee Company

And
In the matter of:
M/S BRILLOCA LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001;
...Applicant Company no. 3/ Second Transferee Company

And
In the matter of:

1. M/S HSIL LIMITED
2. M/S SOMANY HOME INNOVATION LIMITED
3. M/S BRILLOCA LIMITED

.... Applicants

Coram : Shri Jinan K.R., Member(Judicial)

For the Applicant :

Mrs. Manju Bhuteria, Advocate
Ms. Pooja Jewrajka, Advocate

ORDER

CORRIGENDUM TO ORDER DATED 02-08-2018

On 2nd August, 2018 this Tribunal had passed necessary order disposing off the Application being C.A.(CAA) No. 649/KB/ 2018.

On 16th August, 2018, the Ld. Counsel on the side of the Applicants in CA(CAA) No. 649/KB/2018 mentioned that she is unable to trace out the contact number of the Scrutinizer appointed by this Tribunal vide Order dated 02-08-2018 and she needs a change of the name of he Scrutinizer.

Since the Ld. Counsel on the side of the Applicants cannot trace out the Scrutinizer who has already been appointed, the name of the Scrutinizer is to be changed.

Accordingly, the name of Ms. Manish Suraj, PCS, is removed and the name of Ms. Arti Vyas, having contact No. 9748836498, is replaced as Scrutinizer.

This correction is done as per NCLT Rule 154.

Accordingly, the Amended order is passed in place of the Order of this Tribunal dated 02-08-2018.

The Amended order is to be uploaded.

Urgent copy of this order be supplied to the party.

Signed on 16th August, 2018

Sd

(Jinan K.R.)
Member(Judicial)

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Santosh K Singh & Co, Chartered Accountants

November 08, 2017

To,

The Board of Directors

HSIL Limited

2, Red Cross Place,

Kolkata- 700001, West Bengal

Dear Sir (s),

Re: Recommendation of Share Entitlement Ratio for the purpose of proposed demerger of the Consumer Products Distribution and Marketing Undertaking (hereinafter referred to as "CPDM Undertaking") and the Retail Undertaking of HSIL Limited to Somany Home Innovation Limited, and Demerger of Building Products Distribution and Marketing Undertaking (hereinafter referred to as "BPDM Undertaking")of HSIL Limited to Brilloca Limited.

We refer to our Engagement Letter dated September 8, 2017confirming our appointment to provide our recommendation on the Share Entitlement Ratio for the proposed demerger of

- CPDM Undertaking and Retail Undertaking (as more particularly defined in the Draft Composite Scheme of Arrangement and hereinafter referred to as **"Demerged Undertaking 1"**) from HSIL Limited (hereinafter referred to as **"HSIL"** or the **"Company" or "Demerged Company"**) to Somany Home Innovation Limited (hereinafter referred to as **"Somany Home"** or **"Resulting Company 1"**), a wholly owned subsidiary of HSIL; and
- BPDM Undertaking (as more particularly defined in the Draft Composite Scheme of Arrangement and hereinafter referred to as **"Demerged Undertaking 2"**) from HSIL Limited to Brilloca Limited (hereinafter referred to as **"Resulting Company 2"**), a wholly owned subsidiary of Resulting Company 1,

pursuant to the Draft Composite Scheme of Arrangementunder the provisions of Sections 230 – 232of the Companies Act 2013 (hereinafter referred to as **"Act"**) read with Section 66 of the Actand other applicable provisions of the Act, as may be applicable(hereinafter referred to as **"Proposed Scheme"**),with effect fromthe Appointed Date, i.e., 1stApril 2018 or such other date as may be fixed or approved by the National Company Law Tribunal (hereinafter referred to as "NCLT").As per the terms of our engagement,we are enclosing our valuation report as under.

(Demerged Company, Resulting Company 1 and Resulting Company 2 being hereinafter individually referred to as Company and collectively referred to as the Companies; and Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking (as defined in the Proposed Scheme) being hereinafter individually referred to as Undertaking and collectively referred to as the Undertakings)

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I. SCOPE AND PURPOSE OF THE REPORT

We understand that as a part of a business restructuring exercise, the Management of HSIL (hereinafter referred to as "Management") is considering

- demerger ofCPDM Undertakingand Retail Undertaking of HSIL into itswholly owned subsidiary, Resulting Company 1, on a going concern basis through the Proposed Scheme;
- demerger of BPDM Undertaking ofHSIL into Resulting Company 2 (a wholly owned subsidiary of Resulting Company 1), on a going concern basis through a Proposed Scheme;
- on the Proposed Scheme becoming effective, cancellation of the existing equity share capital of Resulting Company 1 which is held by HSIL; and
- on the Proposed Scheme becoming effective issuance of equity shares of Resulting Company 1 to the equity shareholders of HSIL, as consideration for the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 into Resulting Company 1 and Resulting Company 2.

Therefore, the Management has requested Santosh K Singh & Co, Chartered Accountants ("SKS") to provide recommendation on the Share Entitlement Ratio for the proposed demerger ofDemerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2,on the coming into effect of the Proposed Scheme, with effect from the Appointed Date.In this connection, SKS has been requested by HSIL to submit a report recommending a Fair Share Entitlement Ratio in the connection with the Proposed Scheme,for the consideration of the Board of Directors of HSIL. This report will be placed before the Audit Committee of HSIL and the Board of Directors of HSIL. Further, it will be subsequently used for onward submission with the stock exchanges, regulatory authorities and NCLT, for the purpose of the Proposed Scheme.

The scope of our services is to conduct relative valuation for recommending a Fair Share Entitlement Ratio for the Proposed Scheme in accordance with generally accepted professional standards.

We have considered projected financial statements and other information relating to the Companies upto March 31, 2018 (hereinafter referred to as "Valuation Date") in our analysis and adjustments for facts made known (past or future) to us till the date of our report. The Management has informed us that they do not expect any events or changes in the business and the financial position of the Companies upto the Appointed Date of the Proposed Demerger, other than the events specifically mentioned in this report, which would have an impact on our recommendation set out in this report.

We have relied on the above while arriving at the Fair Share Entitlement Ratio for the Proposed Scheme.

In the following paragraphs, we have summarized our recommendation on the Share Entitlement Ratio together with the limitations on our scope of work. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

II. SOURCES OF INFORMATION

In connection with this exercise, we have received the following information from the Management:

- Corporate presentation of HSIL related to various businesses carried on by HSIL;

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- Draft of the Proposed Scheme;
- Annual Report of HSIL for the year ended March 31, 2016 and March 31, 2017;
- Unaudited carved out financials of the Demerged Undertaking 1, Demerged Undertaking2 and Remaining Undertaking for the year ended March 31, 2017;
- Projected financials of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL for the year ending March 31, 2018 to March 31, 2025;
- Discussions with the Managementin connection with and information relating to the operations of the respective Companies and their business segments, past and present activities, future plans and prospects, tax positions, contingent liabilities, share capital and shareholding pattern, etc.; and
- Other relevant information and documents for the purpose of this engagement.

We have also obtained explanations and information considered reasonably necessary for our exercise, from the Management. The Management has been provided with the opportunity to review the draft report (excluding the recommended share entitlement ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

III. BACKGROUND INFORMATION

A. HSIL Limited, the Demerged Company, is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal - 700 001,India. HSIL was incorporated on February 8, 1960, under the name 'HindustbanTwyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware& Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware& Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of HSIL. The Corporate Identity Number of HSIL is L51433WB1960PLC024539. The equity shares of HSIL are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). HSIL is engaged inthe business of manufacturing, selling and trading of building products, glass products, consumer products, plastic products and retail business. This inter alia includes, manufacturing, preparing, importing, exporting, buying, selling and otherwise dealing in all kinds of sanitaryware, faucets, other lifestyle products, consumer products, glass and plastic packaging material, plastic plumbing pipes and fittings and security caps and closures. HSIL also provides home interior solutions through its large retail store chain across India, under the brand name 'Evok'.

B. Somany Home Innovation Limited, Resulting Company 1, was incorporated on September 28, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 1 is U74999WB2017PLC222970. The registered office of Resulting Company 1 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 1 is a wholly owned subsidiary of HSIL. Resulting Company 1 is authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen

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products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

C. Brilloca Limited, Resulting Company 2, was incorporated on November 2, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 2 is U74999WB2017PLC223307. The registered office of Resulting Company 2 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 2 is a wholly owned subsidiary of Resulting Company 1. Resulting Company 2 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

D. The salient features of the scheme are as follows:

a. The CPDM Undertakingand Retail Undertaking will be demerged into Resulting Company 1;

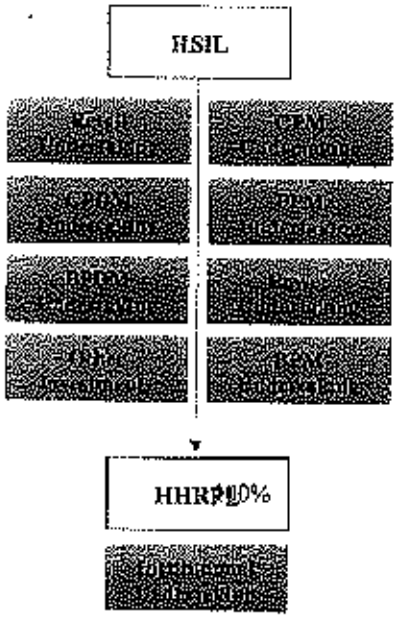
b. The BPDM Undertaking will be demerged into Resulting Company 2;

c. On the Proposed Scheme becoming effective, cancellation of the existing share capital Resulting Company 1, being held by the Demerged Company, as an integral part of Proposed Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of NCLT sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. This would enable all shareholders of HSIL in holding equity shares in Resulting Company 1 in the same ratio as that of HSIL.

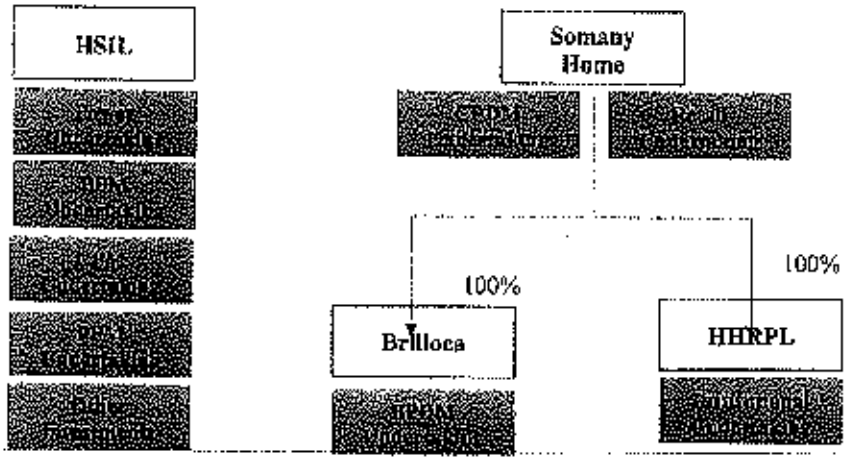
d. On the Proposed Scheme becoming effective, the equity shareholders of HSIL will be issued equity shares of Resulting Company 1,consequent to the demerger of Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2.

e. The demerger as aforesaid will be carried as per the provisions of Section 2(19AA) of the Income Tax Act which provides that all liabilities and assets relating to Demerged Undertakings as above will be transferred to the Resulting Company 1 and Resulting Company 2, respectively.

(i) Existing Structure, as provided by the Management



(ii) Indicative Resultant Structure, as provided by the Management



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IV. RATIONALE FOR PROPOSED SCHEME

HSIL currently has business interests in diverse businesses such as:

(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products, UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined in the Proposed Scheme ("**BPDM Undertaking**");

(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined in the Proposed Scheme ("**CPDM Undertaking**");

(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Proposed Scheme ("**Retail Undertaking**");

(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. ("**Building Products Manufacturing Undertaking**" or "**BPM Undertaking**");

(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**");

(f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures ("**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and

(g) wind power generation ("**Power Undertaking**").

The aforesaid businesses have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Proposed Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

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The Proposed Scheme shall enable the Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

The implementation of this Proposed Scheme will result in:

- creation of separate and distinct entities housing the Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking;
- optimal monetisation and development of each of the respective businesses, including by attracting focused investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;
- dedicated and specialised management focus on the specific needs of the respective businesses; and
- benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of HSIL's assets, achieving cost efficiencies and operational efficiencies.

V. CAPITAL STRUCTURE OF DEMERGED COMPANY,RESULTING COMPANY 1 AND RESULTING COMPANY 2

A. As on October 31, 2017, the capital structure of HSIL is as under:

[illegible]	[illegible]
11,12,50,000 Equity Shares of Rs. 2 each	22,25,00,000
Total	**22,25,00,000**
[illegible] Subscribed and Paid-up Share Capital	[illegible]
7,22,96,395 Equity Shares of Rs. 2 each	14,45,93,000
Add: Forfeited Share Capital	4000
Total	**14,45,97,000**

The Management has represented that there are no outstanding instruments convertible into equity shares issued by HSIL as of the date of issue of this report, which would impact the number of equity shares of HSIL.

B. As on October 31, 2017, the capital structure of Resulting Company 1 is as under:

[illegible]	[illegible]
50,00,000 Equity Shares of Rs. 2 each	1,00,00,000
Total	**1,00,00,000**

[illegible]	[illegible]
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

We have been informed that Resulting Company 1would increase its authorised share capital, to the extent required under the Proposed Scheme, to accommodate the fresh issuance of its equity shares to HSIL upon approval of demerger of Demerged Undertaking 1.

C. As on November 8, 2017, the capital structure of Resulting Company 2 is as under:

[illegible]	[illegible]
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

[illegible]	[illegible]
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

VI. APPROACH - BASIS FOR PROPOSED DEMERGER

The Proposed Scheme contemplates the proposed demerger of the Undertakings pursuant to the Composite Scheme of Arrangement under the relevant provisions of the Act. Arriving at the Fair Share Entitlement Ratio for the Proposed Demerger would require determining the relative values of the concerned businesses and shares of the companies. These values are to be determined independently but on a relative basis, and without considering the effect of the Proposed Demerger.

The Proposed Demerger envisages the demerger of the Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2 respectively, with equity shares of Resulting Company 1, being issued to the shareholders of HSIL for transfer of the Demerged Undertakings. This requires the relative valuation of the relevant Businesses of Demerged Undertaking

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1, Demerged Undertaking 2 and Remaining Undertaking of HSIL for determination of a Fair Share Entitlement Ratio for the Proposed Demerger.

There are several commonly used and accepted methods for determining the Fair Share Entitlement Ratio for the Proposed Demerger, which have been considered in the present case, to the extent relevant and applicable, including:

1. Net Asset Value method
2. Comparable Companies' Multiples method / Earnings Capitalisation Value method
3. Market Price method
4. Discounted Cash Flows method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is therefore mainly used in case where the firm is to be liquidated or in case where the asset base dominates earnings capability. A scheme of demerger would normally be proceeded with, on the assumption that the companies / businesses demerge as going concerns and an actual realization of the operating assets is not contemplated. The operating assets are therefore considered at their book values. In such a going concern scenario, the relative earning power is of importance to the basis of demerger, with the values arrived at on the net asset basis being of limited relevance.

We have been provided with projected balance sheets of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL as at March 31 2018. We have computed the Net

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Asset Value of these businesses accordingly and for the reasons mentioned above, we have considered it appropriate only to keep the values under this method in the background for our analysis.

Comparable Companies' Multiple (CCM) / Earnings Capitalisation Value Method (ECV)

Under the CCM / ECV method, value of the equity shares of a company is arrived at by using multiples / capitalization rates derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples / capitalization rates need to be chosen carefully and adjusted for differences between the circumstances.

We have performed a search for suitable comparable companies for the Undertakings to derive an appropriate capitalization rate / multiple. In case of Demerged Undertaking 1 and Demerged Undertaking 2, there are no listed closely comparable companies which are primarily engaged in the similar businesses though there are listed comparable which have divisions engaged in the similar businesses and their combined earning multiple cannot be applied to the business earning of Demerged Undertaking 1 and Demerged Undertaking 2. In the circumstances, we have considered it appropriate not to apply this method in the present exercise.

Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary / preferential issues / open offer in the shares of the company as envisaged in the overall scheme of arrangement and reported to the stock exchanges / available in the public domain.

In the present case, the shares of HSIL are listed on NSE and BSE and well traded on these stock exchanges, however, the valuation of the Demerged undertaking 1, Demerged Undertaking 2 and Remaining Undertaking cannot be calculated using the same market price and doing the split of the same on certain parameters as the different business segments have their different risk and rewards. We have computed the market value of HSIL and for the reasons mentioned above, we have considered it appropriate only to keep the value under this method in the background for our analysis.

Discounted Cash Flows (DCF) Method

The DCF method uses the future free cash flows of the firm discounted by the cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business. Considering that this method is based on future potential and is widely accepted, we have used this approach in the valuation in the present exercise.

Using the DCF analysis involves determining the following: Estimating future free cash flows:

- Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital — both debt and equity.
- Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value available to the equity shareholders of HSIL, the values arrived above under DCF method are adjusted for, inter-alia, the value of loans, cash, surplus / non-operating assets/liabilities(if any) as deemed appropriate for the purpose of our valuation analysis.

VII. BASIS OF PROPOSED SHARE ENTITLEMENT RATIO

The fair basis for the Proposed Demerger would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending a Share Entitlement Ratio, it is necessary to arrive at a single value for the shares of the concerned undertakings. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the shares of the Undertakings but at their relative values to facilitate the determination of the share entitlement ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

We have carried out a relative valuation of the equity values of the Undertakings and have given weights to the values arrived at under different methodologies, based on their evaluation and judgement of the businesses of the Undertakings, in order to arrive at the relative values of the Undertakings in order to arrive at the Fair Share Entitlement Ratio for the Proposed Demerger.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuers and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a business. This concept is also recognised in judicial decisions.

The Fair Share Entitlement Ratio has been arrived at on the basis of a relative valuation of Undertakings based on the various methodologies explained herein earlier and various qualitative factors relevant to each Undertaking and the business dynamics and growth potentials of the

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businesses of the Undertakings, having regard to information base, key underlying assumptions and limitations.

We have considered the following additional factors while arriving at the Share Entitlement Ratio for the proposed demerger of CPDM Undertaking& Retail Undertaking and BPDM Undertaking of HSIL into Resulting Company 1 and Resulting Company 2 respectively:

A. Capital employed in the business;

B. Equity servicing capacity, and

C. Shareholders' profile and other relevant factors.

We are given to understand by the Management that the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 will be as per requirement of the Section 2(19AA) of the Income tax Act,1961. Accordingly, HSIL will transfer the assets and liabilities of Demerged undertaking 1 and Demerged Undertaking 2 to Resulting Company 1 and Resulting Company 2, respectively,at Book Value (as defined in the Proposed Scheme).Further, we understand thatthe shareholders of HSIL would be entitled to shares of Resulting Company 1 in the same proportion which they currently own shares directly inHSIL.

VIII. RECOMMENDED RATIO

It may be noted that any proposed share entitlement ratio for the Demerger can be considered as fair and reasonable, only if the proposed share entitlement ratio to be adopted does not result in any adverse consequence to the shareholders of HSIL.

Considering that ultimate shareholding of Demerged Undertaking 1 and Demerged Undertaking 2 would not change on account of the Proposed Scheme, the proposed Demerger of Demerged Undertaking 1 into Resulting Company 1 and demerger of Demerged Undertaking 2 into Resulting Company 2 would be value-neutral to ultimate shareholders of HSIL.Once the Scheme is implemented, all the equity shareholders of HSIL would be allotted equity shares of Resulting Company 1 besides their existing equity holding in HSIL. No shareholder is, under the ProposedScheme, required to dispose-off any part of its shareholding either to any of the other shareholders or in the market or otherwise. The proposed demerger does not envisage the dilution of the effective holding of any one or more shareholders as a result of the operation of the ProposedScheme.

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion, the Fair Share Entitlement Ratio for the Proposed Scheme is as follows:

- ***"Fair Share Entitlement Ratio for the Proposed Demerger – 1 (one) Equity Share of Rs. 2 each of Resulting Company 1 to be issued against 1 (one)Equity Share of face value of Rs. 2 each of HSIL"***

IX. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATION, EXCLUSION AND DISCLAIMERS

Valuation analysis and result are specific to the purpose of valuation as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity. The valuation analysis and result are substantively based only on information contained in this report and are governed by concept of materiality.

The opinion(s) rendered in this report only represent the opinion(s) of SKS based upon information furnished by the Management and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion will however not be for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

In the course of the valuation, SKS was provided with both written and verbal information, including market, technical, financial and operating data. We have however, evaluated the information provided to us by the Management through broad inquiry (but have not carried out a due diligence or audit of the Companies/Undertakings) for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Through the above evaluation, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose. We were entitled to rely upon the information provided by the Management without detailed inquiry. Also, we have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and other information given by/on behalf of the Management. The Management has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion analysis/results. Accordingly, we assume no responsibility for any errors in the above information furnished by the Management and their impact on the present exercise. Also, we assume no responsibility for technical information furnished and believed to be reliable.

No enquiry into Companies'/Undertaking's claim to title of assets or property has been made for the purpose of this fairness opinion. With regard to Companies'/'Undertaking's claim to title of assets or property, we have relied solely on representations, whether verbal or otherwise, made by the Management to us for the purpose of this report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed Companies'/Undertaking's claim to such rights, title or interest as valid for the purpose of this report. No information has been given to us about liens or encumbrances against the assets, if any, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.

Our report is neither recommending nor should it be construed as our recommending the proposed demerger or opining or certifying the compliance of the proposed demerger with the provisions of any

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law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed demerger.

The fee for the report is not contingent upon the results reported.

We owe responsibility to only the directors of the Company that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this report, and our report is conditional upon an express indemnity from the Company in our favor holding us harmless from and against any cost, damage, expense and other consequence in connection with the provision of this report. This report is subject to the laws of India. Our liability would be limited to the fee received by us from the present exercise.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than for submission to NCLT, BSE Limited, National Stock Exchange Limited, other regulatory authorities and inspection by shareholders in connection with the proposed demerger, without our prior written consent. In addition, we express no opinion or recommendation as to how the shareholders of Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed demerger.

Yours faithfully,

Santosh K Singh & Co., Chartered Accountants

FRN 019877N

SANTOSH K. SINGH & CO. NEW DELHI Chartered Accountants

CA. Santosh Kumar Singh

Partner

M. No. 502320

Place: New Delhi

Date: Nov 8, 2017

Place:New Delhi

SANTOSH K. SINGH & CO. NEW DELHI Chartered Accountants

Annexure 1 Definition of Demerged Undertaking 1 and Demerged Undertaking 2,basis the Extract of the Proposed Scheme

(a) **"CPDM Undertaking"** means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the consumer products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various consumer products like kitchen appliances, cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers, air purifiers and water purifiers, through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce etc., relating to the sale of such products of the consumer products division. Without prejudice and limitation to the generality of the above, the CPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the CPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the CPDM Undertaking (including, but not limited to, the registered trademarks identified in **Schedule II** of the Proposed Scheme),

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the CPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the CPDM Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the CPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the CPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the CPDM Undertaking.

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the CPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the CPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the CPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the CPDM Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "CPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the CPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the CPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(b) "**Retail Undertaking**" means and includes all the activities, business, operations and undertakings of and relating to retail business undertaking of the Demerged Company, including storing, transporting, selling, distributing and trading in furniture and home décor and other products, *inter alia*, under the 'EVOK' trademark, through its chain of retail outlets and also includes the franchise business of the Demerged Company. Without prejudice and limitation to the generality of the above, the Retail Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the Retail Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in **Schedule III** of the Proposed Scheme),

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(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the Retail Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the Retail Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the Retail Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the Retail Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Retail Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Retail Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the Retail Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the Retail Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the Retail Undertaking,

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The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "Retail Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the Retail Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the Retail Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(c) "**BPDM Undertaking**" means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I of the Proposed Scheme),

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking,

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(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the BPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the BPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "BPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the BPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the BPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company;

Santosh K. Singh & Co.
S K Singh
CA Santosh K Singh Partner
M.No. 502320
FRN 019877N

SANTOSH K. SINGH & CO. NEW DELHI Chartered A

SANTOSH K SINGH & CO.
Chartered Accountants

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Phone : +91-011-47243749 (M) : 9212074473, 9810265710
E-mail : admin@santoshksingh.com
URL : www.santoshksingh.com

December 11, 2017

To,

The Board of Directors

HSIL Limited

2, Red Cross Place,

Kolkata-700001, West Bengal

Dear Sir (s),

Re: Recommendation of Share Entitlement Ratio for the purpose of demerger of the Consumer Products Distribution and Marketing Undertaking (hereinafter referred to as "CPDM Undertaking") and the Retail Undertaking of HSIL Limited to Somany Home Innovation Limited, and Demerger of Building Products Distribution and Marketing Undertaking (hereinafter referred to as "BPDM Undertaking")of HSIL Limited to Brillora Limited.

We refer to our Engagement Letter dated September 8, 2017confirming our appointment to provide our recommendation on the Share Entitlement Ratio for the proposed demerger of

- CPDM Undertaking and Retail Undertaking (as more particularly defined in the Composite Scheme of Arrangement and hereinafter referred to as **"Demerged Undertaking 1"**) from HSIL Limited (hereinafter referred to as **"HSIL"** or the **"Company" or "Demerged Company"**) to Somany Home Innovation Limited (hereinafter referred to as **"Somany Home"** or **"Resulting Company 1"**), a wholly owned subsidiary of HSIL; and
- BPDM Undertaking (as more particularly defined in the Composite Scheme of Arrangement and hereinafter referred to as **"Demerged Undertaking 2"**) from HSIL Limited to Brillora Limited (hereinafter referred to as **"Resulting Company 2"**), a wholly owned subsidiary of Resulting Company 1,

pursuant to the Composite Scheme of Arrangement under the provisions of Sections 230 – 232of the Companies Act 2013 (hereinafter referred to as **"Act"**) read with Section 66 of the Act and other applicable provisions of the Act, as may be applicable(hereinafter referred to as " **Scheme**"),with effect from the Appointed Date, i.e., 1st April 2018 or such other date as may be fixed or approved by the National Company Law Tribunal (hereinafter referred to as **"NCLT"**).As per the terms of our engagement, we are enclosing our valuation report as under.

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*(Demerged Company, Resulting Company 1 and Resulting Company 2, being hereinafter individually referred to as **Company** and collectively referred to as the **Companies**; and Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking (as defined in the Scheme) being hereinafter individually referred to as **Undertaking** and collectively referred to as the **Undertakings**)*

It is further submitted that Paragraph 4(a) of Part I of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("**SEBI Circular**") requires all listed companies to submit a valuation report from an independent chartered accountant. However, as per Paragraph 4(b) of Part I of Annexure I of the SEBI Circular, valuation report is not required to be submitted in cases where there is no change in the shareholding pattern of the listed entity or resultant companies.

The SEBI Circular further clarifies that a 'change in the shareholding pattern' shall mean:

(i) change in the proportion of shareholding of any of the existing shareholders of the listed entity in the resultant company; or

(ii) new shareholder being allotted equity shares of the resultant company; or

(iii) existing shareholder exiting the company pursuant to the Scheme of Arrangement.

further, the SEBI Circular contains the following example, illustrating 'no change in shareholding pattern':

In case a listed entity (say, "entity A") demerges a unit and makes it a separate company (say, "entity B"):

(a) if the shareholding of entity B is comprised only of the shareholders of entity A; and

(b) if the shareholding pattern of entity B is the same as in entity A; and

(c) every shareholder in entity B holds equity shares in the same proportion as held in entity A before the demerger.

I. SCOPE AND PURPOSE OF THE REPORT

We understand that as a part of a business restructuring exercise, the Management of HSIL (hereinafter referred to as "**Management**") is considering

- demerger of CPDM Undertaking and Retail Undertaking of HSIL into its wholly owned subsidiary, Resulting Company 1, on a going concern basis through the Scheme;
- demerger of BPDM Undertaking of HSIL into Resulting Company 2 (a wholly owned subsidiary of Resulting Company 1), on a going concern basis through a Scheme;
- on the Scheme becoming effective, cancellation of the existing equity share capital of Resulting Company 1 which is held by HSIL; and

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- on the Scheme becoming effective issuance of equity shares of Resulting Company 1 to the equity shareholders of HSIL as consideration for the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 into Resulting Company 1 and Resulting Company 2.

Therefore, the Management has requested Santosh K Singh & Co. Chartered Accountants ("SKS") to provide recommendation on the Share Entitlement Ratio for the proposed demerger of Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2,on the coming into effect of the Scheme, with effect from the Appointed Date. In this connection, SKS has been requested by HSIL to submit a report recommending a Fair Share Entitlement Ratio in the connection with the Scheme, for the consideration of the Board of Directors of HSIL. This report will be placed before the Audit Committee of HSIL and the Board of Directors of HSIL. Further, it will be subsequently used for onward submission with the stock exchanges, regulatory authorities and NCLT, for the purpose of the Scheme.

The scope of our services is to conduct relative valuation for recommending a Fair Share Entitlement Ratio for the Scheme in accordance with generally accepted professional standards.

We have considered projected financial statements and other information relating to the Companies upto March 31, 2018 (hereinafter referred to as **"Valuation Date"**) in our analysis and adjustments for facts made known (past or future) to us till the date of our report. The Management has informed us that they do not expect any events or changes in the business and the financial position of the Companies upto the Appointed Date of the Proposed Demerger, other than the events specifically mentioned in this report, which would have an impact on our recommendation set out in this report.

We have relied on the above while arriving at the Fair Share Entitlement Ratio for the Scheme.

In the following paragraphs, we have summarized our recommendation on the Share Entitlement Ratio, together with the limitations on our scope of work. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

II. SOURCES OF INFORMATION

In connection with this exercise, we have received the following information from the Management:

- Corporate presentation of HSIL related to various businesses carried on by HSIL;
- The Scheme;
- Annual Report of HSIL for the year ended March 31, 2016 and March 31, 2017;
- Unaudited carved out financials of the Demerged Undertaking 1, Demerged Undertaking2 and Remaining Undertaking for the year ended March 31, 2017;
- Projected financials of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL for the year ending March 31, 2018 to March 31, 2023;
- Discussions with the Management in connection with and information relating to the operations of the respective Companies and their business segments, past and present activities, future plans and prospects, tax positions, contingent liabilities, share capital and shareholding pattern, etc.; and
- Other relevant information and documents for the purpose of this engagement.

We have also obtained explanations and information considered reasonably necessary for our exercise, from the Management. The Management has been provided with the opportunity to review the draft report (excluding the recommended share entitlement ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

III. BACKGROUND INFORMATION

A. HSIL Limited, the Demerged Company, is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal - 700 001,India. HSIL was incorporated on February 8, 1960, under the name 'Hindusthan Twyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of HSIL. The Corporate Identity Number of HSIL is L51433WB1960PLC024539. The equity shares of HSIL are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). HSIL is engaged in the business of manufacturing, selling and trading of building products, glass products, consumer products, plastic products and retail business. This inter alia includes, manufacturing, preparing, importing, exporting, buying, selling and otherwise dealing in all kinds of sanitaryware, faucets, other lifestyle products, consumer products, glass and plastic packaging material, plastic plumbing pipes and fittings and security caps and closures. HSIL also provides home interior solutions through its large retail store chain across India, under the brand name 'Evok'.

B. Solumy Home Innovation Limited, Resulting Company 1, was incorporated on September 28, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 1 is U74999WB2017PLC222970. The registered office of Resulting Company 1 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 1 is a wholly owned subsidiary of HSIL. Resulting Company 1 is authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland aluminia blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

C. Brilloca Limited, Resulting Company 2, was incorporated on November 2, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 2 is U74999WB2017PLC223307. The registered office of Resulting Company 2 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting

Company 2 is a wholly owned subsidiary of Resulting Company 1. Resulting Company 2 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, flume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

D. The salient features of the scheme are as follows:

a. The CPDM Undertaking and Retail Undertaking will be demerged into Resulting Company 1;

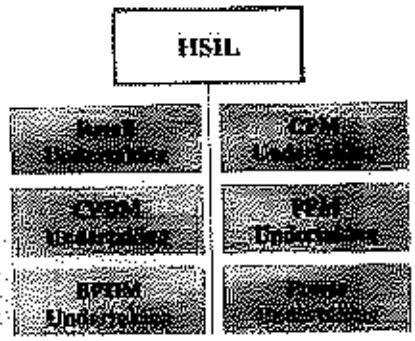
b. The BPDM Undertaking will be demerged into Resulting Company 2;

c. On the Scheme becoming effective, cancellation of the existing share capital Resulting Company 1, being held by the Demerged Company, as an integral part of Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of NCLT sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. This would enable all shareholders of HSIL in holding equity shares in Resulting Company 1 in the same ratio as that of HSIL.

ii. On the Scheme becoming effective, the equity shareholders of HSIL will be issued equity shares of Resulting Company 1, consequent to the demerger of Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2.

c. The demerger as aforesaid will be carried as per the provisions of Section 2(19AA) of the Income Tax Act which provides that all liabilities and assets relating to Demerged Undertakings as above will be transferred to the Resulting Company 1 and Resulting Company 2, respectively.

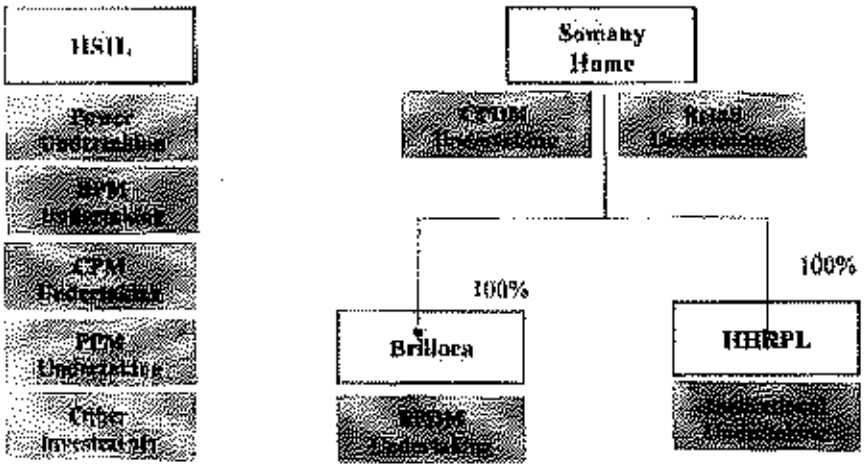
(i) Existing Structure, as provided by the Management



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(ii) Indicative Resultant Structure, as provided by the Management



IV. RATIONALE FOR SCHEME

HSIL currently has business interests in diverse businesses such as:

(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products; UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined in the Scheme ("**BPDM Undertaking**");

(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air-coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined in the Scheme ("**CPDM Undertaking**");

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(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Scheme ("**Retail Undertaking**");

(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. ("**Building Products Manufacturing Undertaking**" or "**BPM Undertaking**");

(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**");

(f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures ("**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and

(g) wind power generation ("**Power Undertaking**").

The aforesaid businesses have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

The Scheme shall enable the Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

The implementation of this Scheme will result in:

- creation of separate and distinct entities housing the Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking;
- optimal monetisation and development of each of the respective businesses, including by attracting focused investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;
- dedicated and specialised management focus on the specific needs of the respective businesses; and
- benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of HSIL's assets, achieving cost efficiencies and operational efficiencies.

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V. CAPITAL STRUCTURE OF DEMERGED COMPANY,RESULTING COMPANY 1 AND RESULTING COMPANY 2

A. As on October 31, 2017, the capital structure of HSIL is as under:

A. Authorised Share Capital	Amount (in Rs.)
11,12,50,000 Equity Shares of Rs. 2 each	22,25,00,000
Total	**22,25,00,000**

B. Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.)
7,22,96,395 Equity Shares of Rs. 2 each	14,45,93,000
Add: Forfeited Share Capital	4000
Total	**14,45,97,000**

The Management has represented that there are no outstanding instruments convertible into equity shares issued by HSIL as of the date of issue of this report, which would impact the number of equity shares of HSIL.

B. As on October 31, 2017, the capital structure of Resulting Company 1 is as under:

Authorised Share Capital	Amount (in Rs.)
50,00,000 Equity Shares of Rs. 2 each	1,00,00,000
Total	**1,00,00,000**

Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.)
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

We have been informed that Resulting Company 1 would increase its authorised share capital, to the extent required under the Scheme, to accommodate the fresh issuance of its equity shares to HSIL upon approval of demerger of Demerged Undertaking 1.



C. As on November 8, 2017, the capital structure of Resulting Company 2 is as under:

Authorised Share Capital	Amount (Rs.)
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	10,00,000
Issued, Subscribed and Paid-up Share Capital	**Amount (Rs.)**
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	10,00,000

VI. APPROACH - BASIS FOR PROPOSED DEMERGER

The Scheme contemplates the proposed demerger of the Undertakings pursuant to the Composite Scheme of Arrangement under the relevant provisions of the Act. Arriving at the Fair Share Entitlement Ratio for the Proposed Demerger would require determining the relative values of the concerned businesses and shares of the companies. These values are to be determined independently but on a relative basis, and without considering the effect of the Proposed Demerger.

The Proposed Demerger envisages the demerger of the Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2 respectively, with equity shares of Resulting Company 1, being issued to the shareholders of HSIL for transfer of the Demerged Undertakings. This requires the relative valuation of the relevant Businesses of Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL for determination of a Fair Share Entitlement Ratio for the Proposed Demerger.

There are several commonly used and accepted methods for determining the Fair Share Entitlement Ratio for the Proposed Demerger, which have been considered in the present case, to the extent relevant and applicable, including:

1. Net Asset Value method
2. Comparable Companies' Multiples method / Earnings Capitalisation Value method
3. Market Price method
4. Discounted Cash Flows method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgement, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is therefore mainly used in case where the firm is to be liquidated or in case where the asset base dominates earnings capability. A scheme of demerger would normally be proceeded with, on the assumption that the companies / businesses demerge as going concerns and an actual realization of the operating assets is not contemplated. The operating assets are therefore considered at their book values. In such a going concern scenario, the relative earning power is of importance to the basis of demerger, with the values arrived at on the net asset basis being of limited relevance.

We have been provided with projected balance sheets of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL as at March 31 2018. We have computed the Net Asset Value of these businesses accordingly and for the reasons mentioned above, we have considered it appropriate only to keep the values under this method in the background for our analysis.

Comparable Companies' Multiple (CCM) / Earnings Capitalisation Value Method (ECV)

Under the CCM / ECV method, value of the equity shares of a company is arrived at by using multiples / capitalization rates derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples / capitalization rates need to be chosen carefully and adjusted for differences between the circumstances.

We have performed a search for suitable comparable companies for the Undertakings to derive an appropriate capitalization rate / multiple. In case of Demerged Undertaking 1 and Demerged Undertaking 2, there are no listed closely comparable companies which are primarily engaged in the similar businesses though there are listed comparable which have divisions engaged in the similar businesses and their combined earning multiple cannot be applied to the business earning of Demerged Undertaking 1 and Demerged Undertaking 2. In the circumstances, we have considered it appropriate not to apply this method in the present exercise.

Market Price Method



The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary / preferential issues / open offer in the shares of the company as envisaged in the overall scheme of arrangement and reported to the stock exchanges / available in the public domain.

In the present case, the shares of HSIL are listed on NSE and BSE and well traded on these stock exchanges, however, the valuation of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking cannot be calculated using the same market price and doing the split of the same on certain parameters as the different business segments have their different risk and rewards. We have computed the market value of HSIL and for the reasons mentioned above, we have considered it appropriate only to keep the value under this method in the background for our analysis.

Discounted Cash Flows (DCF) Method

The DCF method uses the future free cash flows of the firm discounted by the cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business. Considering that this method is based on future potential and is widely accepted, we have used this approach in the valuation in the present exercise.

Using the DCF analysis involves determining the following: Estimating future free cash flows:

- Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital — both debt and equity.
- Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value available to the equity shareholders of HSIL, the values arrived above under DCF method are adjusted for, inter-alia, the value of loans, cash, surplus / non-operating assets/liabilities(if any) as deemed appropriate for the purpose of our valuation analysis.

VII. BASIS OF PROPOSED SHARE ENTITLEMENT RATIO

The fair basis for the Proposed Demerger would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at-



under each of the above methodologies, for the purposes of recommending a Share Entitlement Ratio, it is necessary to arrive at a single value for the shares of the concerned undertakings. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the shares of the Undertakings but at their relative values to facilitate the determination of the share entitlement ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

We have carried out a relative valuation of the equity values of the Undertakings and have given weights to the values arrived at under different methodologies, based on their evaluation and judgement of the businesses of the Undertakings, in order to arrive at the relative values of the Undertakings in order to arrive at the Fair Share Entitlement Ratio for the Proposed Demerger.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuers and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a business. This concept is also recognised in judicial decisions.

The Fair Share Entitlement Ratio has been arrived at on the basis of a relative valuation of Undertakings based on the various methodologies explained herein earlier and various qualitative factors relevant to each Undertaking and the business dynamics and growth potentials of the businesses of the Undertakings, having regard to information base, key underlying assumptions and limitations.

We have considered the following additional factors while arriving at the Share Entitlement Ratio for the proposed demerger of CPDM Undertaking& Retail Undertaking and BPDM Undertaking of HSIL into Resulting Company 1 and Resulting Company 2 respectively:

A. Capital employed in the business;

B. Equity servicing capacity, and

C. Shareholders' profile and other relevant factors.

We are given to understand by the Management that the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 will be as per requirement of the Section 2(19AA) of the Income tax Act,1961. Accordingly, HSIL will transfer the assets and liabilities of Demerged undertaking 1 and Demerged Undertaking 2 to Resulting Company 1 and Resulting Company 2, respectively, at Book Value (as defined in the Scheme).Further, we understand that the shareholders of HSIL would be entitled to shares of Resulting Company 1 in the same proportion which they currently own shares directly in HSIL.

VIII. RECOMMENDED RATIO

It may be noted that any proposed share entitlement ratio for the Demerger can be considered as fair and reasonable, only if the proposed share entitlement ratio to be adopted does not result in any adverse consequence to the shareholders of HSIL.

Considering that ultimate shareholding of Demerged Undertaking 1 and Demerged Undertaking 2 would not change on account of the Scheme, the proposed Demerger of Demerged Undertaking 1 into Resulting Company 1 and demerger of Demerged Undertaking 2 into Resulting Company 2 would be value-neutral to ultimate shareholders of HSIL. Once the Scheme is implemented, all the equity shareholders of HSIL would be allotted equity shares of Resulting Company 1 besides their existing equity holding in HSIL. No shareholder is, under the Scheme, required to dispose-off any part of its shareholding either to any of the other shareholders or in the market or otherwise. The proposed demerger does not envisage the dilution of the effective holding of any one or more shareholders as a result of the operation of the Scheme.

The Computation of Share Entitlement ratio has been given as under:

Equity Values						
Discounted Cash Flow Method	100%	1,76,258	100%	54,182	100%	1,21,157
Net Assets Value Method	0%	1,23,671	0%	8,768	0%	20,809
Weighted average Equity Value		1,76,258		54,182		1,73,667
Less holding company discount					30%	52,157
Comparative Value (A) x (B=C)		1,76,258		54,182		1,21,510
Comparative Ratio		1,76,258		1,76,258		
Share Entitlement ratio		1.00		1		
Share Entitlement ratio (rounded off)		1:1		1		

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion, the Fair Share Entitlement Ratio for the Scheme is as follows:

> ***"Fair Share Entitlement Ratio for the Proposed Demerger – 1 (one) Equity Share of Rs. 2 each of Resulting Company 1 to be issued against 1 (one) Equity Share of face value of Rs. 2 each of HSIL."***

On the coming into effect of the scheme,

(a) the shareholding of Somany Home Innovation Limited will be a mirror image of the shareholding of HSIL Limited, as on the record date. In the instant case, the shareholding of the shareholders of the parent listed company (being HSIL Limited) shall not be affected and additionally, same number of equity shares shall be allotted to them in Somany Home Innovation Limited. So there will be no change in the shareholding pattern; and

(b) there will be no change in the shareholding of Brilloca Limited, which will continue to remain a wholly owned subsidiarity of Somany Home Innovation Limited.

Accordingly, considering that the ultimate shareholding of the shareholders in HSIL shall be replicated in the Somany Home Innovation Limited, the Scheme would be value neutral to the ultimate shareholders of HSIL Limited.



IX. SCOPE, LIMITATIONS, ASSUMPTIONS, QUALIFICATION, EXCLUSION AND DISCLAIMERS

Valuation analysis and result are specific to the purpose of valuation as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity. The valuation analysis and result are substantively based only on information contained in this report and are governed by concept of materiality.

The opinion(s) rendered in this report only represent the opinion(s) of SKS based upon information furnished by the Management and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion will however not be for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

In the course of the valuation, SKS was provided with both written and verbal information, including market, technical, financial and operating data. We have however, evaluated the information provided to us by the Management through broad inquiry (but have not carried out a due diligence or audit of the Companies/Undertakings) for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Through the above evaluation, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose. We were entitled to rely upon the information provided by the Management without detailed inquiry. Also, we have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and other information given by/on behalf of the Management. The Management has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion analysis/results. Accordingly, we assume no responsibility for any errors in the above information furnished by the Management and their impact on the present exercise. Also, we assume no responsibility for technical information furnished and believed to be reliable.

No enquiry into Companies'/Undertaking's claim to title of assets or property has been made for the purpose of this fairness opinion. With regard to Companies'/Undertaking's claim to title of assets or property, we have relied solely on representations, whether verbal or otherwise, made by the Management to us for the purpose of this report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed Companies'/Undertaking's claim to such rights, title or interest as valid for the purpose of this report. No information has been given to us about liens or encumbrances against the assets, if any, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.

Our report is neither recommending nor should it be construed as our recommending the proposed demerger or opining or certifying the compliance of the proposed demerger with the provisions of any



law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed demerger.

The fee for the report is not contingent upon the results reported.

We owe responsibility to only the directors of the Company that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this report, and our report is conditional upon an express indemnity from the Company in our favor holding us harmless from and against any cost, damage, expense and other consequence in connection with the provision of this report. This report is subject to the laws of India. Our liability would be limited to the fee received by us from the present exercise.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than for submission to NCLT, BSE Limited, National Stock Exchange Limited, other regulatory authorities and inspection by shareholders in connection with the proposed demerger, without our prior written consent. In addition, we express no opinion or recommendation as to how the shareholders of Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed demerger.

Yours faithfully,

Santosh K Singh & Co., Chartered Accountants

FRN 019877N

CA. Santosh Kumar Singh

Partner

M. No. 502320

Place: New Delhi

Date: Dec 11, 2017

Annexure 1 Definition of Demerged Undertaking 1 and Demerged Undertaking 2 from the Extract of the Scheme

(a) "**CPDM Undertaking**" means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the consumer products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various consumer products like kitchen appliances, cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers, air purifiers and water purifiers, through its chain of distributors, dealers, sub-dealers, display centres, modern trade channels, e-commerce etc., relating to the sale of such products of the consumer products division. Without prejudice and limitation to the generality of the above, the CPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the CPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the CPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule II of the Scheme);

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no objection certificates and exemptions pertaining to the CPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the CPDM Undertaking;

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the CPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the CPDM Undertaking;

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the CPDM Undertaking;

(vi) employees of the Demerged Company that are determined by the Board of

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Directors of the Demerged Company, to be substantially engaged in or in relation to the CPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees;

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the CPDM Undertaking;

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the CPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the CPDM Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "CPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the CPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the CPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(b) "**Retail Undertaking**" means and includes all the activities, business, operations and undertakings of and relating to retail business undertaking of the Demerged Company, including storing, transporting, selling, distributing and trading in furniture and home décor and other products, *inter alia*, under the 'EVOK' trademark, through its chain of retail outlets and also includes the franchise business of the Demerged Company. Without prejudice and limitation to the generality of the above, the Retail Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the Retail Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in **Schedule III** of the Scheme);

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities,

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allotments, quotas, no-objection certificates and exemptions pertaining to the Retail Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto.

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the Retail Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the Retail Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the Retail Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Retail Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Retail Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the Retail Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the Retail Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the Retail Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "Retail Undertaking" and

the determination of the Assets or Liabilities pertaining to or relatable to the Retail Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the Retail Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company).

(c) **"BPDM Undertaking"** means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I of the Scheme);

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto;

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking;

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including, but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank

balances, in connection with or relating to the BPDM Undertaking.

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the BPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "BPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the BPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the BPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company).



To,

Date- November 9, 2017

The Board of Directors,

HSIL Limited

2, Red Cross Place, Kolkata,

West Bengal - 700 001, India

Sub: Opinion on the share entitlement ratio on the proposed composite scheme of arrangement for demerger of Consumer Products Distribution & Marketing Undertaking and the Retail Undertaking from HSIL Limited to Somany Home Innovation Limited, and demerger of Building Products Distribution & Marketing Undertaking from HSIL Limited to Brilloca Limited.

Dear Members of the Board:

We understand that Board of Directors of HSIL Limited (here in after referred as "Demerged Company" or "HSIL") is considering a composite scheme of arrangement for demerger of Consumer Products Distribution and Marketing Undertaking (hereinafter referred as "CPDM Undertaking") and the Retail Undertaking from the Demerged Company to Somany Home Innovation Limited, a wholly owned subsidiary of the Demerged Company, and demerger of Building Products Distribution and Marketing Undertaking (hereinafter referred as "BPDM Undertaking") from the Demerged Company to Brilloca Limited, a wholly owned subsidiary of Somany Home Innovation Limited, with effect from the Appointed Date, i.e., 1st April 2018 or such other date as may be fixed or approved by the National Company Law Tribunal (hereinafter referred to as "NCLT"), through a composite scheme of arrangement under sections 230 – 232 of the Companies Act, 2013 (hereinafter referred to as "Act"), read with section 66 of the Act and other applicable provisions of the Act (hereinafter referred to as "Proposed Scheme").

The Proposed Scheme provides for -

a. Demerger of CPDM Undertaking and Retail Undertaking (as more particularly defined in the Proposed Scheme and hereinafter referred as "**Demerged Undertaking 1**") of the Demerged Company into its wholly owned subsidiary, Somany Home Innovation Limited ("**Resulting Company 1**"), on a going concern basis;

b. Demerger of BPDM Undertaking (as more particularly defined in the Proposed Scheme and hereinafter referred as "**Demerged Undertaking 2**") of the Demerged Company into Brilloca Limited ("**Resulting Company 2**"), a wholly owned subsidiary of the Resulting Company 1, on a going concern basis;

c. On the coming into effect of the Proposed Scheme, cancellation of the existing share capital of Resulting Company 1, which is held by the Demerged Company;

d. On the coming into effect of the Proposed Scheme, simultaneous with the cancellation of the share capital of Resulting Company 1 held by the Demerged Company, issuance of equity shares by the Resulting Company 1 to the shareholders of the Demerged Company, as per the terms and conditions more fully set forth in the Proposed Scheme, which shall be listed at BSE Limited and National Stock Exchange of India Limited (NSE) (the "**Stock Exchanges**"), where the shares of the Demerged Company are presently listed. Accordingly, post the

FINSHORE MANAGEMENT SERVICES LIMITED
(CIN : U74900WB2011PLC169377)
Registered Office : "Anandlok"
2nd Floor, Block-A, Room No. 207,
227, A. J. C. Bose Road, Kolkata 700 020 West Bengal, India
Ph. : 033 2289 5141
Website : www.finshoregroup.com

coming into effect of the Proposed Scheme, there would be mirror-image, proportionate shareholding of Demerged Company and Resulting Company 1, i.e., economic interest of each of the shareholders of the Demerged Company shall remain intact and in the same ratio; and

e. Post the coming into effect of the Proposed Scheme, Resulting Company 2 will continue to remain wholly owned subsidiary of Resulting Company 1.

The share entitlement ratio for the Proposed Scheme has been determined by M/s Santosh K Singh & Co., Chartered Accountants, *vide* their valuation report dated (November 08, 2017).

In terms of Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**") read with SEBI Circular No. CFD/ DIL3/CIR/ 2017/21 dated March 10, 2017, the listed companies undertaking a scheme of arrangement are required to submit to the stock exchanges, copy of fairness opinion obtained from the Merchant Banker on the valuation of shares / assets of the companies done by the Independent valuer.

With reference to above, we, Finshore Management Services Limited, a SEBI Registered (Cat-I) Merchant Banker have been appointed by the Demerged Company to provide our fairness opinion on the same.

Brief background of the Companies involved in the Proposed Scheme, our opinion and basis for forming an opinion and caveats are as hereunder -

1. <u>Background of companies:</u>

1.1. HSIL Limited

HSIL Limited, the Demerged Company, is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. HSIL was incorporated on February 8, 1960, under the name 'Hindusthan Twyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of HSIL. The Corporate Identity Number of HSIL is L51433WB1960PLC024939. The equity shares of HSIL are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

HSIL is a multi-business corporate, which is primarily engaged in the following business activities:

(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products, UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined in the Proposed Scheme (hereinafter referred to as "**Building Products Distribution and Marketing Undertaking**" or "**BPDM Undertaking**");

FINSHORE MANAGEMENT SERVICES LIMITED
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Ph. : 033 2289 5101
Website : www.finshoregroup.com

(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined in the Proposed Scheme (hereinafter referred to as "**Consumer Products Distribution and Marketing Undertaking**" or "**CPDM Undertaking**");

(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Proposed Scheme (hereinafter referred to as "**Retail Undertaking**");

(The BPDM Undertaking, CPDM Undertaking and Retail Undertaking shall hereinafter be collectively referred to as the "**Demerged Undertakings**".)

(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. (hereinafter referred to as "**Building Products Manufacturing Undertaking**" or "**BPM Undertaking**");

(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**");

(f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures (hereinafter referred to as "**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and

(g) wind power generation (hereinafter referred to as "**Power Undertaking**").

The BPM Undertaking, CPM Undertaking, PPM Undertaking and Power Undertaking shall collectively be referred to as the "**Remaining Undertaking**".

1.2. **Somany Home Innovation Limited**

Somany Home Innovation Limited, Resulting Company 1, was incorporated on September 28, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 1 is U74900WB2017PLC222970. The registered office of Resulting Company 1 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 1 is a wholly owned subsidiary of HSIL.

Resulting Company 1 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.)

and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

1.3. **Brillroa Limited**

Brillroa Limited, Resulting Company 2, was incorporated on November 2, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 2 is U74999WB2017PLC223307. The registered office of Resulting Company 2 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 2 is wholly owned subsidiary of Resulting Company 1.

Resulting Company 2 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

2. **Basis of our opinion**

2.1. **Rationale of the Proposed Scheme (as per extract of draft Proposed Scheme of arrangement)**

2.1.1. The aforesaid businesses (as mentioned in clause 1.1 above) have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertakings (as more fully set forth in the Proposed Scheme) and the Remaining Undertaking (as more fully set forth in the Proposed Scheme) have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Proposed Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

2.1.2. The Proposed Scheme shall enable each of the respective Demerged Undertakings and the Remaining Undertaking to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

2.1.3. The implementation of this Proposed Scheme will result in:

a. creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertaking;

b. optimal monetisation and development of each of the respective businesses, including by attracting focussed investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;

c. dedicated and specialised management focus on the specific needs of the respective businesses; and

d. benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of the assets, achieving cost efficiencies and operational efficiencies.

2.1.4. The Scheme is in the interest of all the Companies involved in the Proposed Scheme, including their respective stakeholders and creditors.

2.2. **Sources of Information**

i) Draft Proposed Scheme.

ii) Valuation report dated November 8, 2017, issued by Santosh K Singh & Co., Chartered Accountants.

iii) Audited Balance Sheet and Statement of Profit & Loss along with the relevant notes of Demerged Company for the financial year ended March 31, 2017.

2.3. **Valuer's Analysis**

The Clause VIII of Share entitlement ratio report provides the ratio for the allotment of shares by resulting Company 1, for the demerger of, (a) Demerged Undertaking 1 into Resulting Company 1, and (b) Demerged Undertaking 1 into Resulting Company 2, which is as follows:-

"for every 1 (one) equity share of face value of INR 2/- (Rupees two only) each held in HSIL Limited as on the Appointed Date, the equity shareholders of HSIL Limited shall be issued 1 (one) equity share of face value Rs. 2/- (Rupees two only) each in Resulting Company 1, credited as fully paid-up."

3. <u>Conclusion and Our Opinion</u>

3.1. With reference to above and based on information provided by Management and after discussions with the Valuers, we understand that the Proposed Scheme has been structured to enable Demerged Undertakings to capitalize on growth opportunities and unlock the potential value of businesses of distinct nature of the Demerged Company. Pursuant to the Proposed Scheme, the shareholders of HSIL shall be issued shares by the Resulting Company 1, which shall also be listed on the same Stock Exchanges on which the shares of the Demerged Company are listed.

3.2. We further understand that the shares issued by the Resulting Company 1 shall be for demerger of Demerged Undertaking 1 and Demerged Undertaking 2. Considering that the Resulting Company 2, a company carrying on the business of BPDM Undertaking, continues as a wholly owned company of Resulting Company 1, it shall be held indirectly by the shareholders of HSIL Limited.

3.3. We also understand that, the proposed cancellation and reduction of share capital of the Resulting Company 1, to the extent held by the Demerged Company, will result in creation of mirror image proportionate shareholding of the Resulting Company 1, as that of the Demerged Company (i.e. economic interest of both companies shall remain intact in the hands of the shareholders of the

Demerged Company and in the same ratio). Thus, the interest of shareholders remains unaffected post the coming into effect of the Proposed Scheme.

"Considering above and subject to our caveats as provided in Annexure 1, we as a Merchant Banker hereby certify that we have reviewed the share entitlement ratio report for the Proposed Scheme of arrangement for demerger of CPDM Undertaking and Retail Undertaking of HSIL Limited to Resulting Company 1 and demerger of BPDM Undertaking of HSIL Limited to Resulting Company 2 and are of the opinion that share entitlement ratio of

a. *1 (one) equity shares of face value INR 2 (Rupees Two) each at par in Resulting Company 1 for every 1 (one) equity shares of face value of INR 2 (Rupees Two) held in the Demerged Company,*

b. *In consideration of transfer and vesting of CPDM and Retail Undertaking in Resulting Company 1 and BPDM undertaking in Resulting Company 2,*

as fair and reasonable to the equity shareholders of HSIL Limited."

Thanking You,

For Finshore Management Services Limited

FINSHORE MANAGEMENT SERVICES LIMITED Kolkata

Director

SEBI Registered Category I Merchant Banker
SEBI Registration No.: INM 000010185

Annexure

Caveats

1. Our opinion and analysis is limited to the extent of review of documents as provided to us by the Management of HSIL Limited, including the share entitlement ratio report prepared by Santosh K Singh & Co., Chartered Accountants and draft Proposed Scheme. We have relied on accuracy and completeness of all the information and explanations provided by the Management. We have not carried out any due diligence or independent verification or validation to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of demerged company/ resulting companies or their subsidiaries, if any.

2. We have no present or planned future interest in HSIL Limited / Somany Home Innovation Limited / Brilloca Limited and the fee payable for this opinion is not contingent upon the opinion reported herein. HSIL Limited has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omissions are avoided in our final opinion.

3. Our fairness opinion is not intended to and does not constitute a recommendation to any shareholders as to how such holder should vote or act in connection with the Proposed Scheme or any matter related thereto.

4. The Opinion contained herein is not intended to represent, at any time other than the date that is specifically stated, in this Report. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.

5. Our report should not be construed as an opinion or certificate certifying the compliance of the Proposed Scheme with the provisions of any law, including companies, taxation and capital markets related laws or as regards any legal implication or issues arising from the proposed demerger.

FINSHORE MANAGEMENT SERVICES LIMITED Kolkata

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5th January, 2018

To,

Vishnu Vyas
Asst. Manager,
The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East)
Mumbai 400 051

Sub: Complaints Report as per Annexure-III of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

Dear Sir/ Madam,

We refer to our letter dated November 23, 2017, regarding submission of application under Regulation 37 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 for the Composite Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, amongst HSIL Limited, Somany Home Innovation Limited, Bellora Limited and their respective Shareholders and Creditors.

In continuation of the aforesaid, we are now submitting Complaint Report for the period from November 23, 2017 to January 04, 2018 as per Annexure-III of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

We will be pleased to provide any clarification as you may require in this regard. We request you to kindly acknowledge the same.

Thanking you,

For HSIL Limited

Payal M Puri
(Company Secretary)

Encl: As Above

HSIL Limited
Corporate Office: 301-302, 3rd Floor, Park Centra, Sector-30, NH-8, Gurgaon, Haryana - 122 001. T +91-124 4979200, F +91-124-4292899/99
Registered Office: 2, Red Cross Place, Kolkata, West Bengal - 700 001. T +91-33-2240 7406/07, F +91-33-2243 7045
mail@mail.hindware.co.in | www.hindwarehomes.com | CIN No. - L51421WB1960PLC024439

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Complaints Report
(For the period form 23rd November, 2017 to 4th January, 2018)

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	4
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	4
4.	Number of complaints resolved	4
5.	Number of complaints pending	NIL

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Ms. Neeta Dipak Panchal	11.12.2017	Resolved
2.	Ms. Rajni Gujral	11.12.2017	Resolved
3.	Mr. Arvind Y. Gawde	12.12.2017	Resolved
4.	Ms. Sandhya Gandhi	23.12.2017	Resolved

For HSIL Limited

Payal M. Puri
(Company Secretary)

Name: Payal M. Puri
Address: 301-302, 3rd Floor, Park Centra, Sector 30, NH-8, Gurugram -122001
Membership No. 16068

Complain report submitted to BSE Ltd. through e-mail on January 24, 2018

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Complaints Report
(For the period form 23rd November, 2017 to 23rd January, 2018)

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	4
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	4
4.	Number of complaints resolved	4
5.	Number of complaints pending	NIL

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Neuta Dipak Panchal	11.12.2017	Resolved
2.	Rajni Gujral	11.12.2017	Resolved
3.	Arvind Y Gawde	12.12.2017	Resolved
4.	Sandhya Gandhi	23.12.2017	Resolved

For **HSIL Limited**

Payal M. Puri
(Company Secretary)

Name: Payal M. Puri
Address: 301-302, 3rd Floor, Park Centre, Sector 30, NH-8, Gurugram -122001
Membership No. 16068

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Ref: NSE/LIST/14158

April 23, 2018

The Company Secretary
HSIL Limited
301-302, Park Centra
Sector 30, National Highway 8
Gurgaon 122001

Kind Attn.: Ms. Payal M Puri

Dear Madam,

Sub: Observation Letter for Composite Scheme of Arrangement amongst HSIL Limited and Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors.

We are in receipt of the draft Composite Scheme of Arrangement amongst HSIL Limited and Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors, filed by HSIL Limited vide application dated November 23, 2017.

Based on our letter reference no Ref: NSE/LIST/34091 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated April 20, 2018, has given following comments:

a. *Company to ensure that information pertaining to action taken by SEBI against Mr. Nand Gopal Khaitan, one of the directors of HSIL Limited, in the matter of India Power Corporation Limited (erstwhile DPSC Limited), vide SEBI order no WTM/PS/OS/CFD/JUNE/2013 dated June 04, 2013 for non-compliance with MPS, is disclosed in the scheme under the heading "action taken by SEBI/RBI" and the same is brought to the notice of shareholders and Hon'ble NCLT.*

b. *Company to ensure that applicable information pertaining to unlisted entities SHIL and BI, are included in the format specified for abridged prospectus as specified in the circular.*

c. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the receipt of this letter is displayed on the website of the listed company.*

d. *The Company shall duly comply with various provisions of the Circulars.*

e. *The Company is advised that the observations of SEBI/ Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*

f. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

This Document is Digitally Signed

Signer: Hiren Narendra Shah
Date: Mon, Apr 23, 2018 14:09:09 IST
Location: NSE

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from April 23, 2018, within which the scheme shall be submitted to NCLT.

Yours faithfully,
For **National Stock Exchange of India Ltd.**

Hiren Shah
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

This Document Is Digitally Signed
Signer: Hiren Narayan Shah
Date: Mon, Apr 23, 2018 14:30:33 IST
Location: NSE

Regd. Office: Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051, India
CIN: U67120MH1992PLC069769 Tel: +91 22 26598235/36, 26598346, 26598459/26598458 Web site: www.nseindia.com

EXPERIENCE THE NEW

DCS/AMAL/PB/R37/1101/2017-18 April 24, 2018

The Company Secretary
HSIL LTD.
2, Red Cross Place ,Kolkata ,
West Bengal, 700001.

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement between HSIL Ltd, Somany Home Innovation Limited & Briloca Limited.

We are in receipt of Draft Scheme of Arrangement between HSIL Ltd, Somany Home Innovation Limited & Briloca Limited and their respective shareholders and Creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated March 21, 2018, has inter alia given the following comment(s) on the draft scheme of arrangement:

- "Company to ensure that information pertaining to action taken by SEBI against Mr Nand Gopal Khaitan, one of the Directors of HSIL, in the matter of India Power Corporation Limited (erstwhile DPSC Limited),vide SEBI order no WTM/PS/OS/CFD/JUNE/2013 dated June 04, 2013 for non-compliance with MPS, is disclosed in the scheme under the heading "action taken by SEBI/RBI" and the same is brought to the notice of shareholders and Hon'ble NCLT."
- "Company shall ensure that applicable information pertaining to unlisted SHL & Bl. is included in the abridged prospectus as per the format specified in the circular."
- "Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company."
- "Company shall duly comply with various provisions of the Circulars."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to these matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or in any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

Nida Pujari
Sr. Manager

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF HSIL LIMITED ("BOARD") EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of compromise on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders laying out in particular the share exchange ratio is required to be circulated to the shareholders along with the notice of convening the meeting. This report is submitted pursuant to the said provisions.

The Board at its meeting held on November 10, 2017, examined and approved the draft scheme of arrangement ("**Scheme**") to demerge the CPDM Undertaking and the Retail Undertaking to Somany Home Innovation Limited ("**Transferee Company 1**") and BPDM Undertaking to Bilteco Limited ("**Transferee Company 2**").

At the Board meeting, the following documents were placed before the Board for their consideration:

1. Draft Scheme of Arrangement;
2. Valuation Report dated November 8, 2017, issued by Santosh K Singh & Co ; and
3. Fairness Opinion dated November 9, 2017 issued by Finshore Management Services Limited.

Based on the review of the Scheme and aforementioned documents, the Board was of the opinion that, the effect of the proposed Scheme on the various stakeholders of HSIL Limited ("**Transferor Company**") would be as follows:

S.No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company ("**New Equity Shares**"). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation

HSIL Limited
(An ISO 9001:14001 OHSAS 18001 Certified Company)
CIN : L51433WB1960PLC024539

Registered Office
2, Red Cross Place,
Kolkata, West Bengal - 700 001 India.
T+91-33-2248 7406 / 07, Fax : +91-33-2248 7045

Corporate Office:
301-302, III[rd] Floor Park Centra, Sector-30, NH-8, Gurgaon - 122 001 India.
T+91-124-477 9200, Fax +91-124-429 2898 / 99

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HSIL

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S.No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
		The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company whose name is recorded in the register of members of the Transferor Company as holding shares as of the Record Date.
2.	Promoter	Please refer to S. No. 1 above regarding effect of the Scheme on the shareholders of the Transferor Company.
3.	Non-Promoter Shareholders	
4	Key Managerial Personnel ("KMPs")/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of the Transferor Company.
5.	Creditors/ Debenture Holders	The Scheme is expected to be in the best interests of the creditors of the Transferor Company. There are no debenture holders in the Transferor Company.
6.	Depositors/ Deposit Trustee	The Transferor Company does not have any depositors or deposit trustee.
7.	Debenture Trustee	The Transferor Company has not issued any debentures
8.	Employees	(a) Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits. (b) Upon the Scheme becoming effective, all employees of the BPDM Undertaking shall be deemed to have become employees of Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits

In the opinion of the Board, the said Scheme will be fair and reasonable for all stakeholders.

For and on behalf of **HSIL LIMITED**

Name: G.C. Sultania
Designation: Director
Date: 29.01.2018

HSIL Limited
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Annexure - 10

SOMANY HOME INNOVATION LIMITED
Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001
CIN: U74999WB2017PLC222970
T- +91-33-2248 7407/5668 Email: ngoenka@hindware.co.in

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF SOMANY HOME INNOVATION LIMITED ("BOARD") EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of compromise on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders laying out in particular the share exchange ratio is required to be circulated to the shareholders along with the notice of convening the meeting. This report is submitted pursuant to the said provisions.

The Board at its meeting held on November 10, 2017, examined and approved the draft scheme of arrangement ("**Scheme**") to demerge the CPDM Undertaking and the Retail Undertaking of HSIL Limited ("**Transferor Company**") to Somany Home Innovation Limited ("**Transferee Company 1**") and the BPDM Undertaking of the Transferor Company to Brilloca Limited ("**Transferee Company 2**").

At the Board meeting, the following documents were placed before the Board for their consideration:

1. Draft Scheme of Arrangement; and
2. Valuation Report dated November 8, 2017, issued by Santosh K Singh & Co.

Based on the review of the Scheme and aforementioned documents, the Board was of the opinion that, the effect of the proposed Scheme on the various stakeholders of Transferee Company 1 would be as follows:

S. No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1, and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme Transferee Company 1 shall without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company ("**New Equity Shares**"). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation. The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company

SOMANY HOME INNOVATION LIMITED
Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001
CIN: U74999WB2017PLC222970
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		whose name is recorded in the register of members of the Transferor Company as hold ng shares as of the Record Date.
2.	Promoters	Please refer to S. No. 1 above regarding effect of the Scheme on the shareholders of Transferee Company 1.
3.	Non-Promoter Shareholders	
4.	Key Managerial Personnel ("KMPs")/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of Transferee Company 1.
5.	Creditors/ Debenture Holders	The Scheme is expected to be in the best interests of the creditor of Transferee Company 1. There are no debenture holders in Transferee Company 1.
6.	Depositors/ Deposit Trustee	Transferee Company 1 does not have any depositors or any deposit trustee.
7.	Debenture Trustee	Transferee Company 1 has not issued any debentures.
8.	Employees	Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits

In the opinion of the Board, the said Scheme will be fair and reasonable for all stakeholders.

For and on behalf of **SOMANY HOME INNOVATION LIMITED**

Name: [illegible]
Designation: Director
Date: 29.01.2018

Annexure - 11

BRILLOCA LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001
CIN: U74999WB2017PLC223307
T- +91-33-22487407/5668 Email: ngoenka@hindware.co.in

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF BRILLOCA LIMITED ("BOARD") EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of compromise on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders laying out in particular the share exchange ratio is required to be circulated to the shareholders along with the notice of convening the meeting. This report is submitted pursuant to the said provisions.

The Board at its meeting held on November 10, 2017, examined and approved the draft scheme of arrangement ("**Scheme**") to demerge the CPDM Undertaking and the Retail Undertaking of HSIL Limited ("**Transferor Company**") to Somany Home Innovation Limited ("**Transferee Company 1**") and the BPDM Undertaking of the Transferor Company to Brilloca Limited ("**Transferee Company 2**").

At the Board meeting, the following documents were placed before the Board for their consideration:

1. Draft Scheme of Arrangement; and
2. Valuation Report dated November 8, 2017, issued by Santosh K Singh & Co

Based on the review of the Scheme and aforementioned documents, the Board was of the opinion that, the effect of the proposed Scheme on the various stakeholders of Transferee Company 2 would be as follows:

S.No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company ("**New Equity Shares**"). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled and from and after such cancellation The pre and post-Scheme shareholding of Transferee Company 2 will remain the same.
2.	Promoters	Please refer to S. No. 1 above regarding effect on the shareholders
3.	Non-Promoter Shareholders	

BRILLOCA LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA - 700001
CIN: U74999WB2017PLC223307
T- +91 33-22487407/5668 Email: ngoenka@hindware.co.in

S.No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
4.	Key Managerial Personnel and Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of Transferee Company 2.
5.	Creditors / Debenture Holders	Transferee Company 2 does not have any creditors or debenture holders
6.	Depositors/ Deposit Trustee	Transferee Company 2 does not have any depositors or any deposit trustee.
7.	Debenture Trustee	Transferee Company 2 has not issued any debentures.
8.	Employees	Upon the Scheme becoming effective, all employees of the BPOM Undertaking shall be deemed to have become employees of Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

In the opinion of the Board, the said Scheme will be fair and reasonable for all stakeholders

For and on behalf of **BRILLOCA LIMITED**

Name: C.L.Sultania
Designation:Director
Date: 29.01.2018

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364871 / 2414
Fax : 91 11 23345188 / 23314308
E-mail : delhi@lodhaco.com

Independent Auditor's Report
To The Members of HSIL Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HSIL Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

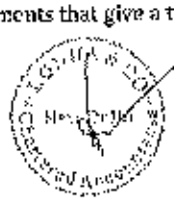
Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in



the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

Attention is drawn to Note 55(a) to the financial statement regarding the utilisation of the Business Reconstruction Reserve ('BRR') to the extent of Rs.210.64 lakh which was created in accordance with a scheme of arrangement (the scheme) approved by Hon'ble High Court of Calcutta. During the year the Company has impaired its investment in a foreign subsidiary amounting to Rs 210.64 lakh and charged the same as exceptional item to standalone statement of profit and loss and withdrawn equivalent amount from BRR.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss including the other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   (e) on the basis of the written representations received from the directors as on 31st March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;



(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of Pending litigations, on its financial position in its standalone financial statements- Refer Note 48 to the standalone Financial Statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No. 85155

Place: Gurugram
Dated: 30th May 2018

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the HSIL Limited on the standalone financial statements for the year ended 31st March 2018, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management according to the program of periodical verification in phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. As per the programme certain fixed assets were verified during the year and no material discrepancies were noticed on such physical verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company as at Balance Sheet date read with Note No. 4(6) of standalone financial statements.

(ii) As per the information and explanation given to us, the inventories of the Company (except stock lying with the third parties and goods in transit), have been physically verified by the management at reasonable intervals during the year. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.

(iii) According to the records and information and explanation made available to us, the Company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security.

(v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.

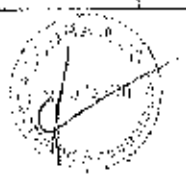
(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, goods and service tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2018.



(b) According to the records and information & explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute except as given below.

Name of the statute	Nature of dues	Period to which amount relates	Amount involved (₹ In lakh)	Forum where dispute is pending
The Central Excise Act, 1944	Central excise	1987-89	27.81	Commissioner of Central Excise, Rohtak
		2005-06	93.24	Customs, Excise and Service Tax, Appellate Tribunal
		1999-2000	24.26	Custom, Excise and Service Tax Appellate Tribunal
		2010-11	9.71	Commissioner, Mangalore
		2004-05 to 2005-06	14.00	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
		2007-08	11.09	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
		2006-07	3.33	Commissioner (Appeals)
		2015-16	8.19	Customs, Excise and Service Tax, Appellate Tribunal
Delhi Sales Tax Act,1975	Sales Tax	2004-05 to 2010-11	66.13	Add. Commissioner (Sales Tax)
Delhi Sales Tax Act,1975	Sales Tax	2010-11 to 2011-12	172.88	Spl. Comm / Commissioner (Sales Tax)
Delhi Sales Tax Act,1975	Sales Tax	2013-14	37.48	Delhi Sales Tax Tribunal
Andhra Value Added Tax Act	Sales Tax	2011-12 to 2012-13	3.75	Appellate Deputy Commissioner Rural Division, Hyderabad
Central Sales Tax Act	Sales Tax	2014-15	91.53	The Appellate Dy. Comm. Rural Division, Hyderabad
Andhra Value Added Tax Act	Sales Tax	2011-12 to 2012-13	3.75	The Appellate Dy. Comm. Rural Division, Hyderabad
Entry Tax Act, 2001	Entry Tax	F.Y 2011-12 to 2016-17	70.00	The Appellate Dy. Comm. Rural Division, Hyderabad
Finance Act, 1994	Service Tax	F.Y 2005-06 to 2006-07	1.60	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service Tax	F.Y 2010-11 to 2011-12	37.57	The Hon'ble Supreme Court of India.
Income Tax Act, 1961	Income – Tax	A.Y2012-13	3.84	Commissioner Income Tax (Appeals), Hubli



Telangana Tax on Entry of Goods into Local areas Act, 2001	Entry Tax	F.Y 2011-12 to 2016-17	3961.13	High Court Judicature of Hyderabad
The Central Sales Tax Act	Sales Tax	FY 2012-13	13.54	Dy. Commissioner (State Tax Hyderabad)
The Central Sales Tax Act	Sales Tax	FY 2014-15	71.21	Commercial Tax Officer
The Central Sales Tax Act	Sales Tax	2007-08 to 2011-12	110.98	Ass. Commissioner of Sales Tax
The Central Sales Tax Act	Sales Tax	2012-13 to 2013-14	5.50	Dy. Commissioner of Sales Tax
Maharashtra Value Added Tax Act	Sales Tax	2010-11 to 2011-12	33.56	Ass. Commissioner of Sales Tax
Maharashtra Value Added Tax Act	Sales Tax	2012-13 to 2013-14	7.36	Dy. Commissioner of Sales Tax

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). On the basis of information and explanation given to us, term loans have been applied for the purposes for which they were obtained.

(x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) On the basis of records and information and explanations made available and based on our examinations of the records of the company, the company has paid / provided managerial remuneration, in accordance with the requisite approvals mandated under Section 197 read with Schedule V of the Act.

(xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.

(xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related parties transactions entered during the year, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no.51)

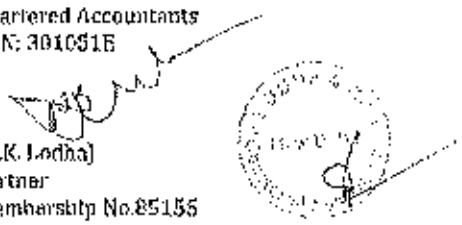
(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.



(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For LODHA & CO.
Chartered Accountants
FRN: 301051E



(N.K. Lodha)
Partner
Membership No.85155

Place: Gurugram
Dated: 30th May 2018

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of ESIL Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

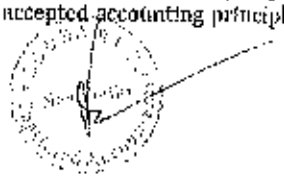
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company



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

Inherent Limitations of Internal Financial Controls Over Financial Reporting
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For LODHA & CO.
Chartered Accountants
FRN: 301051E

(N.C. Lodha)
Partner
Membership No.85155

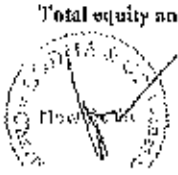
Place: Gurugram
Dated: 30th May 2018

HSIL Limited

Standalone balance sheet as at 31 March 2018

(₹ in lakh)

		Note	As at 31 March 2018	As at 31 March 2017
	ASSETS			
1	**Non-current assets**			
	(a) Property, plant and equipment	4	1,64,915.56	1,49,242.76
	(b) Capital work-in progress		20,937.50	15,157.87
	(c) Goodwill	5	2,694.22	2,694.22
	(d) Other intangible assets	6	497.07	390.79
	(e) Financial assets			
	(i) Investments	7	3,455.34	3,503.53
	(ii) Loans	8	2,972.72	1,850.68
	(iii) Other financial assets	9	27.69	34.64
	(f) Income-tax assets (net)	10	6,027.83	5,496.72
	(g) Other non-current assets	11	4,058.46	9,881.77
	Total non-current assets		2,04,686.39	1,88,182.98
2	**Current assets**			
	(a) Inventories	12	56,429.93	49,249.68
	(b) Financial assets			
	(i) Investments	13		10,455.14
	(ii) Trade receivables	14	51,408.38	39,717.19
	(iii) Cash and cash equivalents	15	23,518.70	13,956.41
	(iv) Bank balances other than (iii) above	16	456.37	425.21
	(v) Loans	17	31.36	139.87
	(vi) Other financial assets	18	2,160.69	263.93
	(c) Other current assets	19	9,808.89	6,371.15
	Total current assets		1,43,804.31	1,20,578.58
	Total assets		3,47,490.70	3,08,761.56
	EQUITY AND LIABILITIES			
1	**Equity**			
	(a) Equity share capital	20	1,445.97	1,445.97
	(b) Other equity	21	1,47,481.17	1,43,557.74
	Total equity		1,48,927.14	1,45,003.71
2	**Liabilities**			
	Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	22	53,302.06	31,732.92
	(ii) Other financial liabilities	23	5,251.40	5,501.49
	(b) Provisions	24	1,021.38	937.37
	(c) Deferred tax liabilities (net)	25	21,154.21	20,768.33
	(d) Other non-current liabilities	26	206.40	164.44
	Total non-current liabilities		79,935.45	59,204.55
	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	27	63,671.16	50,370.01
	(ii) Trade payables	28	21,756.61	19,660.37
	(iii) Other financial liabilities	29	28,565.04	30,388.54
	(b) Other current liabilities	30	4,329.74	3,836.05
	(c) Provisions	31	325.56	298.33
	Total current liabilities		1,18,628.11	1,04,553.30
	Total liabilities		1,98,563.56	1,63,757.85
	Total equity and liabilities		3,47,490.70	3,08,761.56





HSIL Limited

Notes 1 to 62 form an integral part of these standalone financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No.:301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 16068

Dr. Rajender Kumar Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Jalan
Chief Financial Officer

HSIL Limited

Standalone statement of profit and loss for the year ended 31 March 2018

(₹ in lakh)

Particulars		Note	Year ended 31 March 2018	Year ended 31 March 2017
I	Revenue from operations	32	2,28,451.27	2,22,654.68
II	Other income	33	971.32	154.64
III	Total income		2,29,422.59	2,23,309.32
IV	Expenses			
	Cost of materials consumed	34	41,743.53	37,059.49
	Purchases of stock-in-trade	35	54,683.70	43,940.06
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	36	(7,537.97)	(648.49)
	Excise duty on sales		3,500.03	15,492.15
	Employee benefits expense	37	30,887.11	28,633.03
	Finance costs	38	5,575.92	3,335.06
	Depreciation and amortisation expense	39	11,403.99	11,083.31
	Other expenses	40	77,935.96	69,248.45
	Total expenses		2,18,192.27	2,08,143.77
V	Profit before exceptional items and tax		11,230.32	14,965.55
VI	Exceptional items (refer note 55 (a) and 61		(864.79)	-
	Loss manifested from business reconstruction reserve (refer note 55 (a))		210.64	-
VII	Profit before tax		10,576.17	14,965.55
VIII	Tax expense	41		
	(1) Current tax		2,787.41	4,889.31
	Earlier year income tax		1.43	-
	(2) Deferred tax		311.45	(224.84)
	Total tax expense		3,100.09	4,664.47
IX	Profit for the year		7,476.08	10,301.08
X	Other comprehensive income			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plan		312.04	81.13
	(b) Changes in fair value of equity instruments through other comprehensive income		100.95	228.42
	(ii) Income-tax relating to these items		(74.43)	(55.94)
	Other comprehensive income, net of tax		138.56	253.61
XI	Total comprehensive income for the year		7,614.64	10,554.69
XII	Earnings per equity share (of ₹ 2/- each):			
	Basic and diluted (refer note 46)		10.34	14.25

HSIL Limited

Notes 1 to 62 form an integral part of these standalone financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No:301051E

N.K. Lodha
Partner
M. No.85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Payal M. Puri
Company Secretary
ACS No.: 16068

Sandeep Sikka
Chief Financial Officer

HSIL Limited

Standalone cash flow statement for the year ended 31 March 2018

(₹ in lakh)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	10,576.17	14,966.55
Adjustments for:		
Finance costs	5,375.92	3,335.86
Transfer from business reconstruction reserve	(210.64)	-
Investment income	(11.41)	(8.19)
Interest income	(137.82)	(187.41)
Deferred government grant	(635.32)	-
Gain on disposal of property, plant and equipment	(22.87)	(19.54)
Loss on disposal of property, plant and equipment	25.52	317.54
Net (gain) arising on current investments		(5.14)
Sundry balances and liabilities no longer required, written back	(573.50)	(208.99)
Provision for expected credit loss	569.94	527.53
Bad debts written off	3.88	0.01
Depreciation and amortisation expenses	11,403.99	11,083.31
Net foreign exchange (gain)	333.34	(361.08)
	26,697.40	29,439.45
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(13,321.10)	(952.19)
(Increase)/decrease in inventories	(7,180.25)	(1,082.77)
(Increase)/decrease in other assets	(339.74)	(5,034.23)
Increase /(decrease) in trade and other liabilities	3,206.53	5,208.57
Increase /(decrease) in provisions	91.24	154.75
Cash generated from operations	9,154.08	27,733.58
Income taxes paid	(3,379.74)	(7,281.34)
Net cash generated by operating activities	5,774.34	20,452.24
Cash flows from investing activities:		
Payments to acquire financial assets	(5,433.03)	(20,138.19)
Proceeds on sale of financial assets	26,158.41	9,743.19
Interest received	161.06	74.28
Amounts advanced to related parties	32.29	85.62
Payments for property, plant and equipment	(29,678.78)	(22,581.02)
Proceeds from disposal of property, plant and equipment	184.02	141.95
Movement in other bank balances	(34.22)	(96.81)
Net cash (used in) investing activities	(18,610.25)	(32,830.98)
Cash flows from financing activities:		
Proceeds from borrowings	26,900.00	22,986.58
Repayment of borrowings	(9,022.76)	(12,558.95)
Movement in short term borrowings (net)	13,230.46	21,152.95
Taxes on dividend paid	(588.71)	(588.71)
Dividends paid to owners of the Company	(2,882.72)	(2,890.91)
Interest paid	(5,238.07)	(3,328.07)
Net cash used in financing activities	22,398.20	24,782.89
Net increase in cash and cash equivalents:	9,562.29	12,404.15
Cash and cash equivalents at the beginning of the year	13,956.41	1,552.26
Cash and cash equivalents at the end of the year	23,518.70	13,956.41

Disclosure made pursuant to amendment made in Ind AS-7 :-

The movement in liabilities from financing activities

		Cash Flows	Non-Cash Flow Changes		
	As at 31st March 2017		Foreign Exchange	Other	As at 31st March 2018
Long term borrowings	40,266.20	17,877.24	62.65	635.32	59,551.10
Short term borrowings	50,371.00	13,230.46	70.69	-	63,672.16
Total liabilities from financing activities	90,178.90	31,107.70	133.34	635.32	1,23,008.26

Notes 1 to 62 forms an integral part of these standalone financial statements.
In terms of our report attached

For Lodha & Co
Chartered Accountants
Firm Registration No:301051E

M.K. Lodha
Partner
M. No. 83155
Place : Gurugram
Date : 30 May 2018

Manish Sonthalia
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 36088

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00083557

Sandeep Sikka
Chief Financial Officer

HSIL Limited

Standalone statement of changes in equity for the year ended 31 March 2018

a. Equity share capital

(₹ in lakh)

Particulars	Number of shares	Amount
Issued and paid up capital		
Balance as at 1 April 2016	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2017	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018	7,22,96,395	1,445.97

b. Other equity

(₹ in lakh)

Particulars	Reserves and surplus						Other comprehensive income		Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 1 April 2016	80.92	45,497.67	24,905.64	15.00	20,419.58	44,656.64	(81.51)	1,792.05	1,37,394.37
Profit for the year	-	-	-	-	-	10,301.08	-	-	10,301.08
Other comprehensive income for the year (net of income tax)	-	-	-	-		-	52.60	200.21	252.81
Total comprehensive income for the year	-	-	-	-	-	10,301.08	52.60	200.21	10,554.69
Less: transactions with owners in their capacity as owners									
Payment of equity dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57	-	-	3,480.57
Less: Transfer to statement of profit and loss during the year (also refer note 55(c))	-	-	-	-	838.62	-	-	-	838.62
Less: Deferred tax charge on business reconstruction reserve for the year	-	-	-	-	(27.85)	-	-	-	(27.85)
Balance as at 31 March 2017	80.92	45,497.67	24,905.64	15.00	19,608.85	51,477.15	(28.91)	1,992.26	1,43,557.74
Profit for the year	-	-	-	-	-	7,476.02	-	-	7,476.02
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	72.89	65.67	138.56
Total comprehensive income for the year	-	-	-	-	-	7,476.02	72.89	65.67	7,614.54
Less									
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57	-	-	3,480.57
Transfer to statement of profit and loss during the year (also refer note 55(c))	-	-	-	-	210.64	-	-	-	210.64
Balance as at 31 March 2018	80.92	45,497.67	24,905.64	15.00	19,398.20	55,482.66	43.98	2,056.93	1,47,481.17

HSIL Limited

Notes 1 to 52 form an integral part of these standalone financial statements
In terms of our report attached.

For Lodha & Co
Chartered Accountants
Firm Registration No:301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurgaon
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00052537

Payal Dr. Puri
Company Secretary
ACS No.: 16058

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00052457

Chief Financial Officer

HSIL LIMITED GURGAON

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364871 / 2414
Fax : 91 11 23345369 / 23314309
E-mail : delhi@lodhaco.com

Independent Auditor's Report
To The Members of HSIL Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HSIL Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Statement of Consolidated Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group as at 31st March 2018, and their consolidated financial performance (including other comprehensive income), the consolidated statement of change in equity and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of five subsidiaries, whose financial statements include total assets of Rs. 416.55 Lakh, total revenues of Rs. 777.94 Lakh and net cash inflows amounting to Rs. 18.68 Lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in

so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

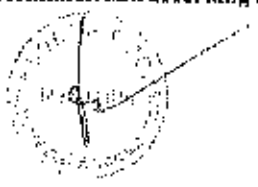
(c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the statement of change in equity and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules made thereunder.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st March 2018 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.

(f) With respect to the adequacy and the operating effectiveness of of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure A" and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration



of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph :

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 48 to the consolidated financial statements;

ii. The group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts during the year ended 31st March 2018; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies.

For LODHA & CO.
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No.85155

Place: Gurugram
Dated: 30th May 2018

"Annexure A" to the Independent Auditor's Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of IISIL Limited ('the Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

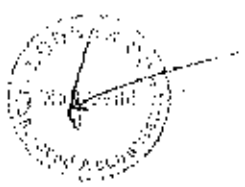
Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding company and its subsidiary companies which are incorporated in India have maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting Issued by the Institute of Chartered Accountants of India.



Other Matters

i) Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary, which is a company incorporated in India, is based on the corresponding reports of the auditor of such company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E



(N.K. Lodha)
Partner
Membership No.85155

Place: Gurugram
Dated: 30th May 2018

HSIL Limited
Consolidated balance sheet as at 31 March 2018

(₹ in lakh)

		Note	As at 31 March 2018	As at 31 March 2017
	ASSETS			
1	**Non-current assets**			
	(a) Property, plant and equipment	4	1,64,915.56	1,49,243.22
	(b) Capital work-in-progress		20,937.50	15,157.87
	(c) Goodwill	5	2,694.22	2,694.22
	(d) Other intangible assets	6	525.86	422.23
	(e) Financial assets			
	(i) Investments	7	3,247.86	3,247.11
	(ii) Loans	8	2,018.93	1,781.15
	(iii) Other financial assets	9	27.69	30.04
	(f) Income-tax assets (net)	10	6,027.85	5,436.72
	(g) Other non-current assets	11	4,058.46	9,881.77
	Total non-current assets		2,04,453.91	1,87,794.33
2	**Current assets**			
	(a) Inventories	12	56,434.10	49,249.68
	(b) Financial assets			
	(i) Investments	13	26.72	10,488.14
	(ii) Trade receivables	14	51,375.64	39,754.62
	(iii) Cash and cash equivalents	15	22,562.37	13,994.01
	(iv) Bank balances other than (iii) above	16	457.97	437.68
	(v) Loans	17	75.72	118.23
	(vi) Other financial assets	18	1,100.60	263.93
	(c) Other current assets	19	9,881.31	6,415.20
	Total current assets		1,42,914.43	1,20,688.49
	Total assets		3,47,368.34	3,08,482.82
	EQUITY AND LIABILITIES			
1	**Equity**			
	(a) Equity share capital	20	1,445.97	1,445.97
	(b) Other equity	21	1,47,300.87	1,43,206.73
	Total equity		1,48,746.84	1,44,652.70
2	**Liabilities**			
	Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	22	52,302.06	31,732.92
	(ii) Other financial liabilities	23	5,251.40	5,591.49
	(b) Provisions	24	1,022.01	958.93
	(c) Deferred tax liabilities (net)	25	21,154.21	20,766.33
	(d) Other non-current liabilities	26	201.04	154.44
	Total non-current liabilities		79,930.72	59,206.13
	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	27	63,671.16	50,370.01
	(ii) Trade payables	28	21,736.62	19,672.50
	(iii) Other financial liabilities	29	28,597.92	30,446.06
	(b) Other current liabilities	30	4,389.49	3,837.07
	(c) Provisions	31	325.59	298.35
	Total current liabilities		1,18,699.78	1,04,623.99
	Total liabilities		1,98,621.50	1,63,830.12
	Total equity and liabilities		3,47,368.34	3,08,482.82





HSIL Limited
Consolidated balance sheet as at 31 March 2018

Notes 1 to 62 form an integral part of these consolidated financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 14068

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

HSIL Limited

Consolidated statement of profit and loss for the year ended 31 March 2018

(₹ in lakh)

	Particulars	Note	Year ended 31 March 2018	Year ended 31 March 2017
I	Revenue from operations	32	2,28,778.03	2,22,973.34
II	Other income	33	967.88	455.64
III	**Total income**		2,29,745.91	2,23,428.97
IV	Expenses			
	Cost of materials consumed	34	41,743.53	37,859.39
	Purchases of stock-in-trade	35	54,686.67	44,108.34
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	36	(7,542.14)	(648.49)
	Excise duty		3,500.03	15,492.15
	Employee benefits expense	37	30,902.29	28,658.65
	Finance costs	38	5,876.01	3,348.10
	Depreciation and amortisation expense	39	11,407.09	11,086.67
	Other expenses	40	78,305.68	69,630.41
	Total expenses		2,18,879.16	2,09,734.21
V	Profit before exceptional items and tax		11,166.75	14,693.76
VI	Exceptional items	61	(554.15)	-
VII	Profit before tax		10,612.60	14,693.76
VIII	Tax expense	41		
	(1) Current tax		2,787.21	4,889.31
	Earlier year income tax		3.92	-
	(2) Deferred tax		311.45	(224.84)
	Total tax expense		3,102.58	4,664.47
IX	Profit for the year		7,410.02	10,029.29
X	Other comprehensive income			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plan		115.68	81.20
	(b) Changes in fair value of equity instruments through other comprehensive income		100.95	228.42
	(ii) Income-tax relating to these items		(74.43)	(55.94)
	Other comprehensive income, net of tax		142.20	253.68
XI	Total comprehensive income for the year		7,552.22	10,282.97
XII	Earnings per equity share (of ₹ 2/- each):			
	Basic and diluted		10.25	13.87





HSIL Limited
Consolidated statement of profit and loss for the year ended 31 March 2018

Notes 1 to 62 form an integral part of these consolidated financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co	**Sandip Somany**	**Dr. Rajendra Kumar Somany**
Chartered Accountants	Vice Chairman and Managing Director	Chairman and Managing Director
Firm Registration No.:301051E	DIN: 00053597	DIN: 00053557
N.K. Lodha	**Payal M. Patil**	**Sandeep Sikka**
Partner	Company Secretary	Chief Financial Officer
M. No. 85155	ACS No.: 16068	
Place : Gurugram		
Date : 30 May 2018		

HSIL Limited

Consolidated cash flow statement for the year ended 31 March 2018

(₹ in lakh)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	10,512.60	14,093.76
Adjustments for:		
Finance costs	5,576.01	3,348.10
Investment income	(11.41)	(8.19)
Interest income	(633.90)	(188.41)
Deferred government grant	(635.32)	
Gain on disposal of property, plant and equipment	(22.87)	(19.54)
Loss on disposal of property, plant and equipment	25.52	317.19
Net (gain) arising on current investments	(0.22)	(5.14)
Sundry balances and liabilities no longer required, written back	(574.52)	(208.99)
Provision for expected credit loss	576.59	618.20
Bad debts written off	3.88	38.21
Depreciation and amortisation expenses	11,407.09	11,686.67
Net foreign exchange (gain)	141.85	(377.95)
	26,865.30	29,293.91
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(13,625.34)	(857.27)
(Increase)/decrease in inventories	(7,184.42)	(1,082.77)
(Increase)/decrease in other assets	(360.68)	(4,957.33)
Increase /(decrease) in trade and other liabilities	3,077.55	5,153.40
Increase /(decrease) in provisions	89.59	154.56
	(18,003.50)	(1,589.41)
Cash generated from operations	8,861.80	27,704.50
Income taxes paid	(3,382.24)	(7,281.34)
Net cash generated by operating activities	5,479.56	20,423.16
Cash flows from investing activities:		
Payments to acquire financial assets	(5,045.48)	(20,184.78)
Proceeds on sale of financial assets	16,158.41	9,743.19
Interest received	157.23	75.27
Amounts advanced to related parties	(60.89)	40.78
Payments for property, plant and equipment	(29,678.78)	(22,581.04)
Proceeds from disposal of property, plant and equipment	185.55	142.30
Movement in other bank balances	(23.35)	(96.81)
Net cash (used in) investing activities	(18,309.31)	(32,861.09)
Cash flows from financing activities:		
Proceeds from borrowings	26,900.00	22,986.56
Repayment of borrowings	(9,022.76)	(12,556.97)
Movement in short term borrowings (net)	13,230.46	21,142.89
Taxes on dividend paid	(588.71)	(588.71)
Dividends paid to owners of the Company	(2,982.72)	(2,980.91)
Interest paid	(5,238.16)	(3,338.30)
Net cash used in financing activities	22,398.11	24,762.56
Net increase in cash and cash equivalents:	9,568.36	12,324.63
Cash and cash equivalents at the beginning of the year	13,994.01	1,669.38
Cash and cash equivalents at the end of the year	23,562.37	13,994.01

Disclosure made pursuant to amendment made in Ind AS-7 :

The movement in liabilities from financing activities:

		Cash Flows	Non-Cash Flow Changes		
	As at 31st March 2017		Forcing Exchange	Other	As at 31st March 2018
Long term Borrowings	40,755.89	17,872.24	62.65	635.32	59,331.10
Short term borrowings	50,370.01	13,230.46	70.69	-	63,671.16
Total Liabilities from financing activities	91,125.90	31,102.70	133.34	635.32	1,23,002.26

Notes 1 to 62 forms an integral part of these consolidated financial statements.
In terms of our report attached.

For Lodha & Co
Chartered Accountants
Firm Registration No.:301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053557

Payal M. Puri
Company Secretary

ACS No.: 16068

For and on behalf of the board of directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

HSIL Limited

Consolidated statement of changes in equity for the year ended 31 March 2018

a. Equity share capital (₹ in lakh)

Particulars	Number of shares	Amount
Issued and paid up capital		
Balance as at 1 April 2016	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2017	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018	7,22,96,395	1,445.97

b. Other equity (₹ in lakh)

Particulars	Reserves and surplus							Other comprehensive income		Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Foreign currency translation reserve	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 1 April 2016	120.80	45,497.87	24,903.64	15.00	22,663.84	42,263.73	31.86	(84.45)	1,702.03	1,37,203.51
Profit for the year	-	-	-	-	-	10,029.29	11.57	-	-	10,040.86
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-		52.40	201.28	253.68
Total comprehensive income for the year	-	-	-	-	-	10,029.29	11.57	52.40	201.28	10,294.54
Less: transactions with owners in their capacity as owners										
Payment of equity dividends (including dividend distribution tax)		-	-	-	-	3,480.57		-	-	3,480.57
Less: Transfer to statement of profit and loss during the year [also refer note 54]	-	-	-	-	838.63	-		-	-	838.63
Less: Deferred tax charge on business reconstruction reserve for the year	-	-	-	-	(27.88)	-		-	-	(27.88)
Balance as at 31 March 2017	120.80	45,497.87	24,903.64	15.00	21,252.29	49,412.45	43.43	(32.05)	1,993.31	1,43,206.73
Profit for the year	-	-	-	-	-	7,410.02	22.49	-	-	7,432.51
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-		76.53	65.67	142.20
Total comprehensive income for the year	-	-	-	-	-	7,410.02	22.49	76.53	65.67	7,574.71
Less: transactions with owners in their capacity as owners										
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57			-	3,480.57
Balance as at 31 March 2018	120.80	45,497.87	24,903.64	15.00	21,252.29	53,341.90	65.92	44.48	2,058.98	1,47,300.87

Notes 1 to 62 form an integral part of these consolidated financial statements.
In terms of our report attached.

For Lodha & Co
Chartered Accountants
Firm Registration No.:301051E

M.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 16068

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364871 / 2414
Fax : 91 11 23345168 / 23314309
E-mail : delhi@lodhaco.com

Independent Auditor's Report
To The Members of Somany Home Innovation Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Somany Home Innovation Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the period then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

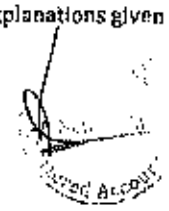
   (c) the Balance Sheet, the Statement of Profit and Loss including the other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   (e) on the basis of the written representations received from the directors as on 31st March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



i. The Company did not have any pending litigation, the impact of which is required to be disclosed/ to be provided for in financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No. 85155

Place: Gurugram
Dated: 30th May 2018

Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Somany Home Innovation Limited on the standalone financial statements for the period ended 31st March 2018, we report that:

(i) The Company does not have any fixed assets during the period. Accordingly, clause 3 (i) of the Order is not applicable.

(ii) As per the information and explanation given to us, the Company does not have any inventory during the period. Accordingly, clause 3 (ii) of the Order is not applicable.

(iii) According to the records and information and explanation made available to us, the Company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.

(v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, goods and service tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2018.

(b) According to the records and information & explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise and value added tax that have (also there was no delay in deposit and no outstanding as at 31st March 2018 for a period over 6 months) not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanation given to us , the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the period. The Company did not have any outstanding debentures during the period.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).



(x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid / provided for any managerial remuneration under the provisions of Section 197 of the Companies Act, 2013. Accordingly, clause 3(xi) of the Order is not applicable on the Company.

(xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.

(xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related parties transactions entered during the period, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no. 11)

(xiv) During the period, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No.85155
Place: New Delhi
Dated: 30th May 2018

Annexure B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Somany Home Innovation Limited** ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company



financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No.85155

Place: New Delhi
Dated: 30th May 2018

Sonisty Home Innovation Limited
Balance Sheet as at 31 March 2018

(₹)

Particulars		Note	As at 31 March 2018
	ASSETS		
1	**Non-current assets**		
	(a) Financial assets		
	(i) Investments	2	10,00,000
	Total non-current assets		**10,00,000**
2	**Current assets**		
	(a) Financial assets		
	(i) Cash and cash equivalents	3	1,63,831
	Total current assets		**1,63,831**
	Total assets		**11,63,831**
	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity share capital	4	10,00,000
	(b) Other equity	5	(5,02,719)
	Total equity		**4,97,281**
2	**Liabilities**		
	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	6	6,00,000
	(ii) Other financial liabilities	7	43,200
	(b) Other current liabilities	8	23,350
	Total current liabilities		**6,66,550**
	Total liabilities		**6,66,550**
	Total equity and liabilities		**11,63,831**

Notes 1 to 21 form an integral part of these financial statements.

In terms of our report attached,
For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30th May 2018

For and on behalf of the Board of Directors

Sandip Sotnaney
Director
DIN: 00053507

Director
DIN: 00060931

Somany Home Innovation Limited

Statement of profit and loss for the period ended 31 March 2018

(₹)

Particulars		Note	Period ended 31 March 2018
I	Revenue from operations		-
II	Other income		-
III	Total income		-
IV	Expenses		
	Finance costs	9	3,800
	Other expenses	10	4,98,919
	Total expenses		5,02,719
V	Profit / (loss) before exceptional items and tax		(5,02,719)
VI	Exceptional items		-
VII	Profit/(loss) before tax		(5,02,719)
VIII	Tax expense		
	(1) Current tax		
	(2) Deferred tax		-
	Total tax expense		-
IX	Profit/(loss) for the period		(5,02,719)
X	Other comprehensive income		
	(i) Items that will not be reclassified to profit or loss		
	(a) Remeasurements of the defined benefit plan		-
	(b) Changes in fair value of equity instruments through other comprehensive income		-
	(ii) Income tax relating to these items		-
	Other comprehensive income, net of tax		-
XI	Total comprehensive income for the period		(5,02,719)
	Earnings per equity share (of ₹ 2/- each):		
	Basic and diluted		(1.01)

Notes 1 to 21 form an integral part of these financial statements.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30th May 2018

Sandip Somany
Director
DIN: 00953597

Director
DIN: 00060931

Sooraj Home Innovation Limited
Standalone cash flow statement for the period ended 31 March 2018

Particulars	(₹) Period ended 31 March 2018
Cash flows from operating activities	
Loss before tax	(5,02,719)
Change in working capital	
Increase in trade and other payables	66,550
	66,550
Cash generated from operations	(4,36,169)
Income taxes paid	-
Net cash generated by operating activities	(4,36,169)
Cash flows from investing activities:	
Payments to acquire financial asset (Investment in subsidiary)	(10,00,000)
Net cash (used in) investing activities	(10,00,000)
Cash flows from financing activities:	
Proceeds from borrowings	6,00,000
Proceed from capital issue / Equity Shares	10,02,002
Net cash used in financing activities	16,00,000
Net increase in cash and cash equivalents	1,65,831
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	1,65,831

Since this is the first annual statements of the company, hence comparable figures are not available.

Notes - 1 to 7 form an integral part of these standalone financial statements
As per our report attached

For and on behalf of the board of directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N K Lodha
Partner
M. No. 85123
Place : Gurugram
Date : 30th May 2018

Sanjay Sooraj
Director
DIN: 00053937

Girdhari Lal Sullania
Director
DIN: 03069991

Sunmay House Innovations Limited
Significant accounting policies and other explanatory information to the standalone financial statements for the period ended 31 March 2018

Change in equity

a) Equity share capital

Particulars	As at 31 March 2018	
	No. of shares	(₹)
Authorised:		
Equity shares of ₹ 2 each	50,00,000	1,00,00,000
Issued:		
Equity shares of ₹ 2 each	5,00,000	10,00,000
Subscribed and fully paid:		
Equity shares of ₹ 2 each	5,00,000	10,00,000
	5,00,000	10,00,000

b) Statement of other equity

(₹)

Particulars	Reserves and surplus	Total
	Retained earnings	
Loss for the period	(5,02,719)	(5,02,719)
Other comprehensive income for the period (net of income tax)		
Total comprehensive income for the period	(5,02,719)	(5,02,719)
Balance as at 31 March 2018	(5,02,719)	(5,02,719)

Notes 1 to 31 form an integral part of these financial statements.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No.:301051E

N.R. Lodha
Partner
M. No. 88155
Place : Gurugram
Date : 30th May 2018

Sandip Sukhani
Director
DIN: 00053597

Girdhari Lal Sukhani
Director
DIN: 00060931

Serony Home Innovation Limited
Significant accounting policies and other explanatory information to the standalone financial statements for the period ended 31 March 2018

Note 20 - Financial instruments by category

Particulars	As at 31 March 2018		
	FVOCI	FVTPL	Amortised cost
Non current financial assets			
Investments	-	-	10,00,000
Current financial assets			
Investments	-	-	-
Trade receivable	-	-	-
Cash and cash equivalents	-	-	1,61,233
Bank balances other than cash and cash equivalents	-	-	-
Loans	-	-	-
Other financial assets	-	-	-
Total financial assets	-	-	11,61,233
Non current financial liabilities			
Non current borrowings	-	-	-
Other financial liabilities	-	-	-
Current financial liabilities			
Current borrowings	-	-	6,00,000
Trade payables	-	-	-
Other financial liabilities	-	-	43,200
Total financial liabilities	-	-	6,43,200

Note 21 - Contingent liability and other commitment NIL

As said on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No: 301051E

N.K. Lodha
Partner
M. No. 085155
Place : Gurugram
Date : 30th May 2018

Sandip Swarup
Director
DIN: 00053597

Gulshan Chhabriade
Director
DIN: 08966211

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
Fax : 91 11 23346168 / 23314308
E-mail : delhi@lodhaco.com

Independent Auditor's Report
To The Members of Brilloca Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Brilloca Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the period then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss including the other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   (e) on the basis of the written representations received from the directors as on 31st March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

i. The Company did not have any pending litigation, the impact of which is required to be disclosed/ to be provided for in financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No. 85155

Place: Gurugram
Dated: 30th May 2018

Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the BriRoca Limited on the standalone financial statements for the period ended 31st March 2018, we report that:

(i) The Company does not have any fixed assets during the period. Accordingly, clause 3 (i) of the Order is not applicable.

(ii) As per the information and explanation given to us, the Company does not have any inventory during the period. Accordingly, clause 3 (ii) of the Order is not applicable.

(iii) According to the records and information and explanation made available to us, the Company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.

(v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, goods and service tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2018.

(b) According to the records and information & explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise and value added tax that have (also there was no delay in deposit and no outstanding as at 31st March 2018 for a period over 6 months) not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the period. The Company did not have any outstanding debentures during the period.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).



(x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid / provided for any managerial remuneration under the provisions of Section 197 of the Companies Act, 2013. Accordingly, clause 3(xi) of the Order is not applicable on the Company.

(xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.

(xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related parties transactions entered during the period, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no. 10)

(xiv) During the period, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No.85155
Place: New Delhi
Dated:30th May 2018

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Brilliana Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance



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

Inherent Limitations of Internal Financial Controls Over Financial Reporting
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K.Lodha)
Partner
Membership No.085155

Place: New Delhi
Dated: 30th May 2018

Bellbuck Limited
Balance sheet as at 31 March 2018

Particulars		Note	(₹) As at 31 March 2018
	ASSETS		
1	Non-current assets		
	Total non-current assets		-
2	Current assets		
	(a) Financial assets		
	(i) Investments	2	8,56,866
	(ii) Cash and cash equivalents	3	68,603
	Total current assets		9,25,469
	Total assets		9,25,469
	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity share capital	4	10,00,000
	(b) Other equity		(1,21,831)
	Total equity		8,78,169
2	Liabilities		
	Non-current liabilities		
	Total non-current liabilities		-
	Current liabilities		
	(a) Financial liabilities		
	(i) Other financial liabilities	5	43,200
	(b) Other current liabilities	6	4,100
	Total current liabilities		47,300
	Total liabilities		47,300
	Total equity and liabilities		9,25,469

Notes 1 to 17 form an integral part of these financial statements.
In terms of our report attached

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30th May 2018

For and on behalf of the Board of Directors

Sanjib Sankhy
Director
DIN: 06953597

Director
DIN: 08960931

Srilloca Limited

Statement of profit and loss for the period ended 31 March 2018

(₹)

Particulars		Note	Period ended 31 March 2018
I	Revenue from operations		-
II	Other income	7	6,866
III	Total income		6,866
IV	Expenses		
	Other expenses	8	1,28,697
	Total expenses		1,28,697
V	Profit / (Loss) before exceptional items and tax		(1,21,831)
VI	Exceptional items		-
VII	Profit / (loss) before tax		(1,21,831)
VIII	Tax expense		
	(1) Current tax		
	(2) Deferred tax		-
	Total tax expense		-
IX	Profit / (loss) for the period		(1,21,831)
X	Other comprehensive income		
	(i) Items that will not be reclassified to profit or loss		
	(a) Remeasurements of the defined benefit plan		-
	(b) Changes in fair value of equity instruments through other comprehensive income		-
	(ii) Income-tax relating to these items		-
	Other comprehensive income, net of tax		-
XI	Total comprehensive income for the period		(1,21,831)
	Earnings per equity share (of ₹ 2/- each):		
	Basic and diluted		(0.24)

Notes 1 to 17 form an integral part of these financial statements.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 10th May 2018

Sanjiv Sinha
Director
DIN: 00053597

Dhirendra Lal Sukanta
Director
DIN: 00069031

Brillosa Limited
Cash flow statement for the period ended 31 March 2018

Particulars	(₹) Period ended 31 March 2018
Cash flows from operating activities	
Loss before tax	(1,21,831)
Adjustments for:	
Fair value gain on investments	(6,866)
	(1,28,697)
Movements in working capital:	
Increase in trade and other liabilities	47,300
	47,300
Cash generated from operations	(81,397)
Income taxes paid	-
Net cash generated by operating activities	(81,397)
Cash flows from investing activities	
Payments to acquire financial assets (investment in mutual funds)	(8,50,000)
Net cash (used in) investing activities	(8,50,000)
Cash flows from financing activities	
Proceed from capital issue (Equity Shares)	10,00,000
Net cash used in financing activities	10,00,000
Net increase in cash and cash equivalents	68,603
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	68,603

Notes 1 to 17 form an integral part of these standalone financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No: 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30th May 2018

Sandip Somany
Director
DIN: 00053597

Director
DIN: 00060933

ShiMaa Limited

Statement of change in equity

a) Equity share capital

Particulars	As at 31 March 2018	
	No. of shares	(₹)
Authorised:		
Equity shares of ₹ 10 each	5,00,000	50,00,000
Issued		
Equity shares of ₹ 10 each	5,01,000	50,00,000
Subscribed and fully paid		
Equity shares of ₹ 10 each	5,01,000	50,00,000
	5,00,000	50,00,000

b) Other equity

(₹)

Particulars	Reserves and surplus	Total
	Retained earnings	
Loss for the period	(1,21,834.19)	(1,21,834.19)
Other comprehensive income for the period (net of income tax)	-	-
Total comprehensive income for the period	(1,21,834.19)	(1,21,834.19)
Balance as at 31 March 2018	(1,21,834.19)	(1,21,834.19)

Notes 1 to 17 are an integral part of these standalone financial statements.
In terms of our report attached

For Sudhir & Co
Chartered Accountants
Firm Registration No. 000703N

N.K. Sudhir
Partner
M. No. 85155
Place: Gurugram
Date : 30th May 2018

For and on behalf of the Board of Directors

Sandeep Sarhary
Director
DIN: 08165592

Director
DIN: 07668954

Note 16 : The Company was incorporated on 02nd November 2015. Accordingly, the current accounting period are prepared for a period from 02nd September 2017 to 31st March, 2018. Hence the comparable figures are not available.

Note 17 : Contingent Liability and other contingents

Nil

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85165
Place : Kolkata
Date : 30th May 2018

Director
DIN: 00053591

Director
DIN: 00053631

SPA
INVESTMENT ADVISORS
www.spacapital.com

SPA Capital Services Ltd.
CIN: U65191DL1994PLC061746

25, C-Block Community Centre
Janak Puri, New Delhi-110 058
Tel. : 011-25517371, 45675500
Fax : 011-25572342
Email . info@spacapital.com

The Board of Directors, **Somany Home Innovation Limited** **2, Red Cross Place, Kolkata,** **West Bengal 700 001, India**	**The Board of Directors,** **Brilloca Limited** **2, Red Cross Place, Kolkata,** **West Bengal 700 001, India**

Sub: Certificate on adequacy and accuracy of disclosure of information pertaining to Somany Home Innovation Limited and Brilloca Limited in relation to proposed Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited

Dear Sirs,

We, SPA Capital Advisors Limited, refer to our engagement letter dated November 10, 2017 whereby HSIL Limited. ("**HSIL**" or "**Demerged Company**") has appointed us for the purpose of certifying the adequacy and accuracy of disclosure of information pertaining to Somany Home Innovation Limited ("**SHIL**") and Brilloca Limited ("**Brilloca**") pursuant to the proposed Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited pursuant to Section 230-232 of Companies Act, 2013.

Regulatory Requirement

SEBI vide its circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**SEBI Circular**") prescribed requirements to be filled by the listed entities when they propose a Scheme of Arrangement. The SEBI Circular, amongst other things, provide that in the event a listed entity enters into a Scheme of Arrangement with an unlisted entity, the listed entity shall disclose to its shareholders applicable information pertaining to the unlisted entity in the format specified for Abridged Prospectus as provided in Part D of schedule VIII of SEBI(ICDR) Regulations,2009.

Disclaimer and Limitation:

- This Certificate is a specific purpose certificate issued in terms of and in compliance with SEBI circular and hence it should not be used for any other purpose or transaction.
- This certificate contains the certification on adequacy and accuracy of disclosure of information pertaining to the unlisted entity viz., SHIL and Brilloca.
- This Certificate is issued on the basis of examination of Information and documents provided by HSIL, SHIL and Brilloca ("**All Entities**") and information which is available in the public domain and wherever required, the appropriate representation from All Entities has also been obtained.
- We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out here in this report.
- Our opinions should not be construed as us opining or certifying the compliance of the proposed Scheme of Arrangement with the provision of any law including companies, taxation, capital market, related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction.

SPA

www.spacapital.com

Certification:

We state and confirm as follows:

- We have examined various documents and other materials in connection with finalization of draft disclosure of information dated November 20, 2017, pertaining to SHIL and Brilloca ("**Abridged Prospectus**") which will be circulated to the members of All Entities at the time of seeking their consent to the proposed scheme of Arrangement between HSIL, SHIL and Brilloca as a part of explanatory statement to the notice.
- On the basis of such examination and the discussion with the management of SHIL and Brilloca, its directors, others officers and on independent verification of contents of Abridged Prospectus and other paper furnished to us , WE CONFIRM that:

1. The information contained in the Abridged Prospectus is in conformity with the relevant documents, materials and other papers related to SHIL and Brilloca.

2. The Abridged Prospectus contains applicable information pertaining to SHIL and Brilloca as required in terms of SEBI Circular which, in our view are fair, adequate and accurate to enable the members to make a well informed decision on the proposed Scheme of Arrangement.

Date – November 20, 2017

Place- New Delhi

For SPA Capital Advisors Limited

SPA Capital Advisors Limited New Delhi

Vivek Gautam
Associate Director

IN THE NATURE OF ABRIDGED PROSPECTUS/MEMORANDUM CONTAINING SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTION 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER (HEREINAFTER REFERRED TO AS THE "SCHEME")

This Document contains applicable information pertaining to Somany Home Innovation Limited, an unlisted entity involved in the proposed Composite Scheme of Arrangement ("Scheme") amongst HSIL Limited ("**Demerged Company**"), Somany Home Innovation Limited ("**SHIL**") and Brilloca Limited and their respective shareholders and creditors, in terms of the requirement specified in SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("**SEBI Circular**") read with the checklist issued by BSE Limited of the documents to be submitted along with an application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. Being a listed company, the Demerged Company is required to give the applicable information pertaining to Somany Home Innovation Limited (an unlisted company) in the format specified for an abridged prospectus as provided in Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

You may also download the Abridged Prospectus along with the Scheme as approved by the Board of Directors of HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and the Audit Committee of the Resulting Company vide their resolution dated 10th November, 2017 and copy of the Valuation report dated 8th November, 2017 issued by Santosh K Singh & Co., Chartered Accountants Fairness Report dated 9th November, 2017 issued by Finshore Management Services Limited, Merchant Banker from the websites of BSE Limited ("BSE") and NSE Limited ("NSE") where the equity shares issued pursuant to the Scheme are proposed to be listed. A copy of Abridged Prospectus shall be submitted to the Securities and Exchange Board of India ("SEBI").

SOMANY HOME INNOVATION LIMITED
Registered office: 2, Red Cross Place, Kolkata 700 001, West Bengal, India
Telephone:+91 3322487406; **Email:** ngoenka@hindware.co.in
CIN: U74999WB2017PLC222870
Contact person: Mr. Niranjan Kumar Goenka

PROMOTER

HSIL Limited

STATUTORY AUDITOR

Lodha& Co.
Chartered Accountants
12, Bhagat Singh Marg,
New Delhi110001
Telephone:01123710176

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PROMOTER OF SHIL

HSIL LIMITED ("HSIL")

HSIL Limitedis a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of the HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. HSIL was incorporated on February 8, 1960, under the name 'HindusthanTwyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware& Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware& Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009. The Corporate Identity Number of HSIL is L51439WB1960PLC024539.

The equity shares of HSIL are listed on BSE Limited and the National Stock Exchange of India Limited.

HSIL is *inter alia* engaged in the business of manufacturing, preparing, buying, selling, importing, exporting, trading and otherwise dealing in all kinds of building products (sanitaryware, faucets, tiles, other lifestyle products, UPVC and CPVC pipes, fittings, etc.), consumer products, glass packaging products, plastic packaging material, security caps and closures, wind power generation and retail business for home interior solutions.

Promoters/Promoter Group of HSIL

Sl. No.	Name of Promoter/Promoter Group	No. of Shares Held	Percentage of Shareholding
1.	Dr. Rajendra Kumar Somany	30,80,000	4.26
2.	Mr. SandipSomany	22,83,683	3.16
3.	Ms. SumitaSomany	1,61,000	0.22
4.	Ms. DivyaSomany	1,46,912	0.20
5.	Mr. ShashvatSomany	79,244	0.11
6.	Paco Exports Limited	2,12,80,000	29.43
7.	Soma Investments Limited	42,35,000	5.86
8.	New Delhi Industrial Promotors and Investors Limited	37,50,000	5.19
9.	Matterhorn Trust	100	0.00
	Total	**3,50,12,819**	**48.43**

Board of Directors and KMPs of HSIL

Sl. No.	Name of Director and KMP	Designation
1.	Dr. Rajendra Kumar Somany	Chairman and managing Director and KMP
2.	Mr. SandipSomany	Vice Chairman and managing Director and KMP
3.	Mrs. SumitaSomany	Non Executive Non Independent Director
4.	Mr. Ashok Jaipuria	Independent Director
5.	Mr. Vijay Kumar Bhandari	Independent Director

Somany Home Innovation Limited

6.	Mr. Girdhari Lal Sultania	Non Executive Non Independent Director
7.	Mr. Nand Gopal Khaitan	Independent Director
8.	Dr. Rainer S. Simon	Independent Director
9.	Mr. Salil Bhandari	Independent Director
10.	Mr Sandeep Sikka	Chief Financial Officer
11.	Ms Payal M Puri	Company Secretary

HSIL holds 5,00,000 Equity Shares of Somany Home Innovation Limited(including 6 Equity Shares through its nominees), constituting 100% of the total issued and paid up share capital of Somany Home Innovation Limited.

Financial Information of HSIL

Sl. No.	Particulars	2016-17
1.	Paid-up share capital	Rs. 1445.97 lakh (including Forfeited Share Capital amounting to Rs. 0.04 lakh).
2.	Turnover	Rs. 222980.24 lakh
3.	Profit/Loss after Tax	Rs. 10301.08 lakh
4.	Total comprehensive income after tax	Rs. 10554.69 lakh

Shareholding Pattern of HSIL as on September 30, 2017

Sl. No.	Name of Promoter	No. of Shares Held	Percentage of Shareholding
1.	Promoter and Promoter Group	3,50,12,819	48.43
2.	Public	3,72,83,576	51.57
	Total	**7,22,96,395**	**100**

List of top 5 largest listed group companies as per Part A, Schedule VIII, Regulation 2, Item (IX) (C) (2) of the SEBI (ICDR) Regulations, 2009

HSIL Limited(*For details of HSIL Limited, please refer to the Section titled 'Promoter of SHIL', above*)

BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY:

Somany Home Innovation Limited ("**SHIL**") is company incorporated on September 28, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of SHIL is U74999WB2017PLC222970. The registered office of SHIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India.

SHIL is authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances, and faucets including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials, and building chemicals and also products like fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic

wares, cement (ordinary white colouredportland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.).

At present, SHIL does not carry on any business activity. On coming into effect of the proposed Scheme, SHIL will engage in, and carry on, the business of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of HSIL.

BOARD OF DIRECTORS OF SHIL

Sl. No.	Name	Designation (independent / whole time / executive / nominee)	Experience (including current / past position held in other firms	Other Directorships
1.	Mr. SandipSomany (DIN : 00033597)	Director	Mr. SandipSomany holds a Graduate degree and a diploma in Ceramic Manufacturing technology from US. He has over 32 years of experience in the ceramics and glass industry.	**Public limited companies** (a) JK Paper Limited; (b) HSIL Limited; (c) PACO Exports Limited; (d) New Delhi Industrial Promotors and Investors Limited; and (e) Brilloca Limited **Private limited companies** (a) Somany Faucets and Showers Private limited; and (b) Grindlay Properties Private Limited. **Other firms** (a) All India Glass Mfrs'. Federation; and (b) Indian Council of Sanitaryware Manufactures.
2.	Mr. GirdhariLalSultania (DIN : 00060911)	Director	Mr. GirdhariLalSultania is a Chartered Account and a Company Secretary. He possesses vast knowledge and experience in the fields of financial restructurings, corporate laws and legal compliances.	**Public limited companies** (a) The United Provinces Sugar Company Limited; (b) Somany Ceramics Limited; (c) HSIL Limited; (d) Somany Global Limited; (e) PACO Exports Limited; (f) Ayusri Health

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Somany Home Innovation Limited

				Products Limited; (g) SR Continental Limited (h) AGI Glasspack Limited; and (i) Brilloca Limited **Private limited companies** (a) Anand Apartment Maintenance Private limited; (b) Adarsh Barter Private limited; (c) LNR Exports Private limited; (d) LNR Investments and Trades Private limited; (e) Textool Mercantile Private limited; (f) Scope Vinimoy Private Limited; (g) Pioneer Resins & Aromatics Private Limited; (h) Raipur Agrotech Private Limited, and (i) T K Ghosh Investment Private Limited;
3.	Mr. Niranjan Kumar Goenka (DIN : 00060664)	Director	Mr. Niranjan Kumar Goenka holds a graduate degree. He has over 27 years of experience in the field of finance and secretarial compliances.	**Public limited companies** (a) Schablona India Limited; (b) HSIL Associates Limited; (c) SarvottamVanijya Limited; (d) PACO Exports Limited; (e) Bhilwara Holdings Limited; (f) AGI Glasspack Limited; (g) Brilloca Limited **Private limited companies** (a) Hindware Home Retail Private

Home Innovation Limited Company

				Limited; (b) Blackberry Distributors Private Limited; (c) Textool Mercantile Private Limited; (d) Scope Vismoy Private Limited; (e) Pioneer Resins & Aromatics Private Limited; (f) Metallite Suppliers Private Limited; (g) Mango Tree Tours & Exhibitions Private Limited; (h) Raipur Agrotech Private Limited; (i) Stepping Stones Infocom Private Limited; (j) T K Ghosh Investment Private Limited.

SHAREHOLDING PATTERN AS OF [NOVEMBER 13, 2017]:

Sl. No.	Name of Shareholder	No. of Shares Held	Percentage of Shareholding
A.	Promoter and Promoter Group		
1.	HSIL Limited	4,99,994	100.00
2.	Mr. Niranjan Kumar Goenka*	1	0.00
3.	Mr. G.L. Sultania*	1	0.00
4.	Mr. Manoj Kumar Aggarwal*	1	0.00
5.	Mr. Ravi Kedia*	1	0.00
6.	Mr. Ajay Kumar Dokania*	1	0.00
7.	Dr. Rajendra Kumar Soamny*	1	0.00
B.	Public		
	-	-	-
	Total (A + B)	5,00,000	100.00

*Nominees of HSIL Limited.

AUDITED FINANCIALS

As Somany Home Innovation Limited has been incorporated recently, on September 28, 2017, there are no audited financials of the company available as on date.

INTERNAL RISK FACTORS

Somany Home Innovation Limited

1. The proposed Scheme is subject to the approval of shareholders and creditors of the respective companies, approval of the stock exchanges, SEBI and the National Company Law Tribunal. Non-receipt of approval from any of the aforementioned approvals will defeat the proposed demerger and the objects and benefits mentioned in the proposed Scheme will not be achieved.

2. Somany Home Innovation Limited, presently, does not carry on any business activity.

3. Somany Home Innovation Limited is presently an unlisted company and its equity shares are presently not available for trading on any stock exchange.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against and by Somany Home Innovation Limited and amount involved – **NIL**

B. Brief details of top 5 material outstanding litigations against Somany Home Innovation Limited and amount involved - **NIL**

C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoter / Group companies in last 5 financial years including outstanding action, if any – NIL

D. Brief details of outstanding criminal proceedings against Promoter - **NIL**

BRIEF DETAILS OF THE SCHEME

The composite scheme of arrangement ("**Scheme**") provides for the transfer and vesting of, (i) the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company to SHIL, a wholly owned subsidiary of the Demerged Company; and (ii) the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of SHIL, each as a going concern, pursuant to the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and provisions of other applicable laws.

The Appointed Date for the Scheme is April 1, 2018.

Upon the coming into effect of the Scheme and in consideration of, (i) the demerger of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company into SHIL, a wholly owned subsidiary of the Demerged Company; and (ii) the demerger of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of the SHIL, SHIL shall issue and allot to the shareholders of the Demerged Company, 1 equity share of Rs. 2 each of SHIL for every 1 equity share of Rs. 2 each of the Demerged Company.

The equity shares issued by SHIL pursuant to the Scheme are proposed to be listed on BSE Limited and the National Stock Exchange of India Limited.

The implementation of the Scheme will result in:

(a) creation of separate and distinct entities housing the demerged undertakings and remaining undertakings;

(b) optimal monetisation and development of each of the respective businesses, including by attracting focused investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;

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Somany Home Innovation Limited

(c) dedicated and specialised management focus on the specific needs of the respective businesses; and

(d) benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.

DECLARATION

We hereby declare that all relevant provisions of theSEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017("**SEBI Circular**") and Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009("**SEBI ICDR Regulations**") have been complied with and no statement made in this Document is contrary to the provisions of the SEBI Circular or the SEBI ICDR Regulations. We further certify that all statements in this Document are true and correct

For and on behalf of
Somany Home Innovation Limited

For Somany Home Innovation Limited,

Director

Name: Mr. Niranjan Kumar Goenka
Designation: Director

Place: Kolkata
Date: 17th November, 2017

IN THE NATURE OF ABRIDGED PROSPECTUS/MEMORANDUM CONTAINING SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTION 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER (HEREINAFTER REFERRED TO AS THE "SCHEME")

This Document contains applicable information pertaining to Brilloca Limited, an unlisted entity involved in the proposed Composite Scheme of Arrangement ("Scheme") amongst HSIL Limited ("Demerged Company"), Somany Home Innovation Limited ("SHIL") and Brilloca Limited and their respective shareholders and creditors, in terms of the requirement specified in SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("SEBI Circular") read with the checklist issued by BSE Limited of the documents to be submitted along with an application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Being a listed company, the Demerged Company is required to give the applicable information pertaining to Brilloca Limited(an unlisted company) in the format specified for an abridged prospectus as provided in Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

You may also download the Abridged Prospectus along with the Scheme as approved by the Board of Directors of HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and the Audit Committee of the Resulting Company vide their resolution dated 10th November, 2017 and copy of the Valuation report dated 8th November, 2017 issued by Santosh K Singh & Co., Chartered Accountants Fairness Report dated 9th November, 2017 issued by Finshore Management Services Limited, Merchant Banker from the websites of BSE Limited ("BSE") and NSE Limited ("NSE") where the equity shares issued pursuant to the Scheme are proposed to be listed. A copy of Abridged Prospectus shall be submitted to the Securities and Exchange Board of India ("SEBI").

BRILLOCA LIMITED
Registered office:2, Red Cross Place, Kolkata, West Bengal 700 001, India
Telephone: +91 33 2248 7406; Email: ngoenka@hindware.co.in
CIN: U74999WB2017PLC223307
Contact person: Mr. Niranjan Kumar Goenka
PROMOTER
Somany Home Innovation Limited
STATUTORY AUDITOR
Lodha& Co.
Chartered Accountants
12, Bhagat Singh Marg,
New Delhi 110 001
Telephone.01123710176

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PROMOTER OF BRILLOCA LIMITED

Somany Home Innovation Limited

Somany Home Innovation Limited ("SHIL")is a public limited company incorporated on September 28, 2017under the Companies Act, 2013, in the State of West Bengal.The Corporate Identity Number of SHIL is U74999WB2017PLC222970 and he registered office of SHIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. The issued, subscribed and paid-up share capital of SHILis Rs. 10,00,000, divided into 5,00,000 Equity Shares of Rs. 2 each.

SHILis authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.). At present, SHIL does not carry on any business activity. On coming into effect of the proposed Scheme, SHIL will engage in, and carry on, the business of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of HSIL .

Promoters of SHIL

Sl. No.	Name of Promoter	No. of Shares Held	Percentage of Shareholding
1.	HSIL Limited*	5,00,000	100
	Total	5,00,000	100

*6 of the Equity Shares are held by HSIL Limited though its nominees.

Board of Directors and KMPs of SHIL

Sl. No.	Name of Director and KMP	Designation
1.	Mr. GirdharLalSultania	Director
2.	Mr. Sandip Somany	Director
3.	Mr. Niranjan Kumar Goenka	Director

SHIL holds 5,00,000Equity Sharesof Brilloca Limited(including 6 Equity Shares through its nominees), constituting 100% of the totalissued and paid up share capital of Brilloca Limited.

List of top 5 largest listed group companies as per Part A, Schedule VIII, Regulation 2, Item (IX) (C) (2) of the SEBI (ICDR) Regulations, 2009

HSIL LIMITED ["HSIL"]

HSIL Limited is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of the HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. HSIL was incorporated on February 8, 1960, under the name 'Hindusthanl'wyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware& Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware& Industries Limited was

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further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2008. The Corporate Identity Number of HSIL is L51433WB1960PLC024639.

The equity shares of HSIL are listed on BSE Limited and the National Stock Exchange of India Limited.

HSIL is *inter alia* engaged in the business of manufacturing, preparing, buying, selling, importing, exporting, trading and otherwise dealing in all kinds of building products (sanitaryware, faucets, tiles, other lifestyle products, UPVC and CPVC pipes, fittings, etc.), consumer products, glass packaging products, plastic packaging material, security caps and closures, wind power generation and retail business for home interior solutions.

Promoters/Promoter Group of HSIL

Sl. No.	Name of Promoter/Promoter Group	No. of Shares Held	Percentage of Shareholding
2.	Dr. Rajendra Kumar Somany	30,80,000	4.26
3.	Mr. Sandip Somany	22,83,563	3.16
4.	Ms. SumitaSomany	1,61,000	0.22
5.	Ms. Divya Somany	1,46,912	0.20
6.	Mr. ShashvatSomany	76,244	0.11
7.	Paco Exports Limited	2,12,80,000	29.43
8.	Soma Investments Limited	42,35,000	5.86
9.	New Delhi Industrial Promotors and Investors Limited	37,50,000	5.19
10.	Matterhorn Trust	100	0.00
	Total	3,50,11,819	48.43

Board of Directors and KMPs of HSIL

Sl. No	Name of Director and KMP	Designation
1.	Dr. Rajendra Kumar Somany	Chairman and managing Director and KMP
2.	Mr. Sandip Somany	Vice Chairman and managing Director and KMP
3.	Mrs. SumitaSomany	Non Executive Non Independent Director
4.	Mr. Ashok Jaipuria	Independent Director
5.	Mr. Vijay Kumar Bhanderi	Independent Director
6.	Mr. GirdhariLalSultania	Non Executive Non Independent Director
7.	Mr. Nand Gopal Khaitan	Independent Director
8.	Dr. Rainer S. Simon	Independent Director
9.	Mr. Salil Bhandari	Independent Director
10.	Mr Sandeep Sikka	Chief Financial Officer
11.	Ms Payal M Puri	Company Secretary

HSIL holds 6,00,000 Equity Shares of Somany Home Innovation Limited (including 8 Equity Shares through its nominees), constituting 100% of the total issued and paid up share capital of Somany Home Innovation Limited.



Financial Information of HSIL

Sl. No.	Particulars	2016-17
1.	Paid-up share capital	Rs. 1446.97 lakh(including Forfeited Share Capital amounting to Rs. 0.04 lakh).
2.	Turnover	Rs. 222990.24 lakh
3.	Profit/Loss after Tax	Rs. 10301.06 lakh
4.	Total comprehensive income after tax	Rs. 10564.69 lakh

Shareholding Pattern of HSIL as on September 30, 2017

Sl. No.	Name of Promoter	No. of Shares Held	Percentage of Shareholding
1.	Promoter and Promoter Group	3,50,12,819	48.43
2.	Public	3,72,83,576	51.57
	Total	**7,22,96,395**	**100**

BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

Brilloca Limited is a company incorporated on November 2, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Brilloca Limited is U74999WB2017PLC223307. The registered office of Brilloca Limitedis situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India.

Brilloca Limitedis authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthonware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

At present, Brilloca Limited does not carry on any business activity. On coming into effect of the proposed Scheme, Brilloca Limitedwill engage in, and carry on, the business of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of HSIL Limited.

BOARD OF DIRECTORS OF BRILLOCA LIMITED

Sl. No.	Name	Designation (Independent/ Whole-time/ Executive)	Experience including current/ past position held in other firms	Other Directorships

		nominee)		
1.	Mr. SandipSomany (DIN : 00053597)	Director	Mr. Sandip Somany holds a Graduate degree and a diploma in Ceramic Manufacturing technology from US. He has over 32 years of experience in the ceramics and glass industry.	**Public limited companies** (a) JK Paper Limited; (b) HSIL Limited; (c) PACO Exports Limited; (d) New Delhi Industrial Promotors and Investors Limited; and (e) Somany Home Innovation Limited. **Private limited companies** (a) Somany Faucets and Showers Private limited;and (b) Grindlay Properties Private Limited. **Other firms** (a) All India Glass Mnfr. Federation; and (b) Indian Council of Sanitaryware Manufacturers.
2.	Mr. GirdhariLalSultania (DIN : 00060931)	Director	Mr. Girdhari Lal Sultania is a Chartered Account and a Company Secretary. He possesses vast knowledge and experience in the fields of financial restructurings, corporate laws and legal compliances.	**Public limited companies** (a) The United Provinces Sugar Company Limited; (b) Somany Ceramics Limited; (c) HSIL Limited; (d) Somany Global Limited; (e) PACO Exports Limited; (f) Ayusri Health Products Limited; (g) SR Continental Limited; (h) AGI Glasspack Limited; and

				(f) Somany Home Innovation Limited. **Private limited companies** (a) Anand Apartment Maintenance Private limited; (b) Adarsh Bartar Private limited; (c) LNR Exports Private limited; (d) LNR Investments and Trades Private limited; (e) Textool Mercantile Private limited; (f) Scope Vinimoy Private Limited, (g) Pioneer Resins & Aromatics Private Limited; (h) Raipur Agrotech Private Limited; and (i) T K Ghosh Investment Private Limited
3.	Mr. Niranjan Kumar Goenka (DIN : 00060864)	Director	Mr. Niranjan Kumar Goenka holds a graduate degree. He has over 27 years of experience in the field of finance and secretarial compliances.	**Public limited companies** (a) Schablona India Limited; (b) HSIL Associates Limited; (c) SarvottamVanijya Limited; (d) PACO Exports Limited; (e) Bhilwara Holdings Limited; (f) AGI Glasspack Limited; (g) Somany Home Innovation Limited. **Private limited companies** (a) Hindware Home Retail Private Limited; (b) Blackberry Distributors Private Limited; (c) Textool Mercantile Private Limited; (d) Scope Vinimoy Private Limited;

				(e) Pioneer Resins & Aromatics Private Limited; (f) Metallite Suppliers Private Limited; (g) Mango Tree Tours & Exhibitions Private Limited; (h) Raipur Agrotech Private Limited; (i) Stepping Stones Infocom Private Limited; (j) T K Ghosh Investment Private Limited.

SHAREHOLDING PATTERN AS ONNovember 10, 2017

Sl. No.	Name of Shareholder	No. of Shares Held	Percentage of Shareholding
A. Promoter and Promoter Group			
1.	Somany Home Innovation Limited*	4,99,994	100.00
2.	Mr. Niranjan Kumar Goenka*	1	0.00
3.	Mr. G.L. Sultania*	1	0.00
4.	Mr. Manoj Kumar Aggarwal*	1	0.00
5.	Mr. Ravi Kedia*	1	0.00
6.	Mr. Ajay Kumar Dokania*	1	0.00
7.	Dr. Rajendra Kumar Somany*	1	0.00
B. Public			
	-	-	-
	Total (A + B)	5,00,000	100.00

*Nominees of HSIL Limited.

AUDITED FINANCIALS

AsBrilloca Limitedhas been incorporated recently, on November 2, 2017, there are no audited financials of the company availeble as on date.

INTERNAL RISK FACTORS

1. The proposed Scheme is subject to the approval of shareholders and creditors of the respective companies, approval of the stock exchanges, SEBI and the National Company Law Tribunal. Non-receipt of approval from any of the aforementioned approvals will defeat the proposed demerger and the objects and benefits mentioned in the proposed Scheme will not be achieved.

2. Brilloca Limited, presently, does not carry on any business activity.

3. Brilloca Limited is an unlisted company and its equity shares are not available for trading on any stock exchange. Further, Brilloca Limited will continue to remain an unlisted company even after the proposed Scheme becomes effective.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against and by Brilloca Limitedand amount involved – NIL

B. Brief details of top 5 material outstanding litigations against Brilloca Limited and amount involved – NIL

C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoter / Group companies in last 5 financial years including outstanding action, if any – NIL

D. Brief details of outstanding criminal proceedings against Promoter - NIL

BRIEF DETAILS OF THE SCHEME

The composite scheme of arrangement ("Scheme") provides for the transfer and vesting of, **(i)** the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company to SHIL, a wholly owned subsidiary of the Demerged Company; and **(ii)** the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of SHIL, each as a going concern, pursuant to the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and provisions of other applicable laws.

The Appointed Date for the Scheme is April 1, 2018 or such other date as the National Company Law Tribunal may direct.

Upon the coming into effect of the Scheme and in consideration of, **(i)** the demerger of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company into SHIL, a wholly owned subsidiary of the Demerged Company; and **(ii)** the demerger of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of SHIL, SHIL shall, on behalf of itself and Brilloca Limited, issue and allot to the shareholders of the Demerged Company, 1 equity share of Rs. 2 each of SHIL for every 1 equity share of Rs. 2 each of the Demerged Company.

The equity shares issued by SHIL pursuant to the Scheme are proposed to be listed on BSE Limited and the National Stock Exchange of India Limited.

The implementation of the Scheme will result in:

(a) creation of separate and distinct entities housing the demerged undertakings and remaining undertakings;

(b) optimal monetisation and development of each of the respective businesses, including by attracting focused investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;

(c) dedicated and specialised management focus on the specific needs of the respective businesses; and

(d) benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.



DECLARATION

We hereby declare that all relevant provisions of the SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("**SEBI Circular**") and Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009("**SEBI ICDR Regulations**") have been complied with and no statement made in this Document is contrary to the provisions of the SEBI Circular or the SEBI ICDR Regulations. We further certify that all statements in this Document are true and correct.

For and on behalf of
Brillora Limited

For BRILLORA LIMITED

Authorised Signatory

Name: Mr. Lalit Kumar Goyal

Designation: Director

Place: Kolkata
Date: 17th November, 2017

Pre-Share holding as on 03.11.2017 and Post-Share holding as on 10.11.2017

		Transferor Company – M.S. Limited					Transferee Company – 1 (Subsidiary Metal Intermediates Limited)						Transferee Company – 2 (Brillcorp Limited)				
			Pre-arrangement		Post-arrangement			Pre-arrangement			Post-arrangement			Pre-arrangement		Post-arrangement	
Sr	Description	Name of Shareholder	No. of shares	%	No. of shares	%	Name of Shareholder	No. of shares	%	Name of Shareholder	No. of shares	%	Name of Shareholder	No. of shares	%	No. of shares	%
(A)	Shareholding of Promoter and Promoter Group																
1	Indian																
	Individuals/ Hindu Undivided Family	Names of Promoter					Names of Promoter			Names of Promoter			Names of Shareholder				
		PAVENDRA KUMAR SOMANY	3000000	6.2500	3000000	1.1200	SANJAY SOMANY	1	0.000002	RAJENDRA KUMAR SOMANY	3000000	4.3902	SANJAY SOMANY	1	0.000002	1	0.000002
		SANJAY SOMANY	2953565	6.1532	2953565	1.1026	ARANJAN KUMAR GOENKA	1	0.000002	SANJAY SOMANY	2953565	4.1526	NARAYAN KUMAR GOENKA	1	0.000002	1	0.000002
		SUNITA SOMANY	46500	0.2227	165000	0.2227	C.L. BAILDANIA	1	0.000002	SUNITA SOMANY	46500	0.2227	C.L. SULTANIA	1	0.000002	1	0.000002
		DIVYA SOMANY	54813	0.1252	54813	0.2002	AJAY KUMAR Jalan	1	0.000002	DIVYA SOMANY	54812	0.2552	AJAY KUMAR DORANIA	1	0.000002	1	0.000002
		PRASHANT SOMANY	78244	0.1788	78244	0.2756	SHARAD KUMAR AGARWAL	1	0.000002	PRASHANT SOMANY	78244	0.1052	MANOJ KUMAR AGARWAL	1	0.000002	1	0.000002
							RAVI KEDIA	1	0.000002				RAVI KEDIA	1	0.000002	1	0.000002
(B)	Central Government/ State Government(s)	Nil	0	0	0	0	Nil	0	0	Nil	0	0	Nil				
(C)	Bodies Corporate	Names					Names						Names				
		PADO EXPORTS LIMITED	21280000	39.4044	14200000	26.4044	PEL LIMITED	42560	99.9459	PADO EXPORTS LIMITED	21280000	39.4044	Somany Home Innovation Limited	449994	99.9987	449994	99.9987
		SOMA INVESTMENTS LTD	4235000	8.8578	4235000	5.8878		0	0	SOMA INVESTMENTS LTD	4235000	8.8578		0	0	0	0
		NEW DELHI INDUSTRIAL PROMOTORS AND INVESTORS LTD	4750000	9.927	4750000	3.787		0	0	NEW DELHI INDUSTRIAL PROMOTORS AND INVESTORS LTD	4750000	9.927		0	0	0	0
		MATTERHORN TRUST	100	0.0001	100	0.0001		0	0	RAJ MATTERHORN TRUST	100	0.0001		0	0	0	0
(D)	Financial Institutions/ Banks	0	0	0	0	0		0	0		0	0		0	0	0	0
(E)	Any Others	0	0	0	0	0		0	0		0	0		0	0	0	0
	Sub Total(A)(1)		33012813	68.4286	33012813	68.4286		50000	100		33012813	68.4286		500000	100	500000	100

BRILLCORP LIMITED

SOMANY HOME INNOVATION LIMITED

FOR SOMANY HOME INNOVATION LIMITED

COMPANY SECRETARY

Annexure - 17

(k)	Foreign																
(e)	Individuals (Non-Residents Individuals /Foreign Individuals)		0	0	0	0		0	0		0	0		0	0	0	0
(f)	Bodies Corporate		0	0	0	0		0	0		0	0		0	0	0	0
(g)	Institutions		0	0	0	0		0	0		0	0		0	0	0	0
(d)	Any Other		0	0	0	0		0	0		0	0		0	0	0	0
	Sub Total(A)(2)		0	0	0	0		0	0		0	0		0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		35018853	48.4286	3501Z841	48.4289		100000	100		35018853	48.4286		6000000	100	6000000	100
(B)	Public shareholder																
1	Institutions																
(a)	Mutual Funds/ UTI		9563520	25.0214	1162350	25.0214		0	0		1A1Z3520	25.0214		0	0	0	0
(b)	Financial Institutions/ Banks		249768	0.3451	248469	0.3451		0	0		249468	0.3451		0	0	0	0
(c)	Central Government/ State Government(s)		0	0	0	0		0	0		0	0		0	0	0	0
(d)	Venture Capital Funds		0	0	0	0		0	0		0	0		0	0	0	0
(e)	Insurance Companies		1000	0.0007	500	0.0007		0	0		1000	0.0007		0	0	0	0
(f)	Foreign Institutional Investors		0	0	0	0		0	0		0	0		0	0	0	0
(g)	Foreign Venture Capital Investors		0	0	0	0		0	0		0	0		0	0	0	0
(h)	Any Other							0	0					0	0	0	0
	Foreign Portfolio Investors		4572685	6.048	4373979	6.0430		0	0		4372679	6.0484		0	0	0	0
	Alternate Investment Funds		211251	0.2923	211251	0.2923		0	0		211251	0.2923		0	0	0	0
	Sub-Total (B)(1)		33557372	32.5037	29350368	32.3823		0	0		2239378	32.5037		0	0	0	0
2	Non-institutions																

For HSIL LIMITED

COMPANY SECRETARY

(c)	Bodies Corporate		1078814	2.7351	1097805	2.7832		0	0		1097805	2.7832					
(d)	Individuals													0	0	0	0
i	Individuals -i. Individual shareholders holding nominal share capital up to Rs.2 lakh		9027026	13.1897	2410589	-3.0184		0	0		9410589	13.0768		0	0	0	0
ii	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.		922258	1.349	922258	-1.3489		0	0		922258	1.34989		0	0	0	0
(e)	Any Other							0	0					0	0	0	0
	NBFCs registered with RBI		165833	0.2529	165562	-0.2514		0	0		165562	0.2518		0	0	0	0
	Clearing Member		120681	0.1779	224934	0.3162		0	0		224934	0.3102		0	0	0	0
	Non Resident Indians (NRI)		1310401	1.9743	1208147	-1.6864		0	0		1208147	1.6696		0	0	0	0
	Trusts		5100	0.0035	4000	0.0056		0	0		2500	0.0039		0	0	0	0
	HUF-Karta (HUF)		1292624	1.9827	1354517	-1.8834					1365277	1.8815		0	0	0	0
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)		35283378	51.5744	37203376	51.5704		0	0		37203376	51.5704		0	0	0	0
	TOTAL (A)+(B)		74287195	100	72254035	100		500000	100		72254035	100		500000	100	500000	100
(C)	Shares held by Custodians and against which DRs have been issued		0	0	0	0		0	0		0	0		0	0	0	0
	GRAND TOTAL (A)+(B)+(C)		74287195	100	72254035	100		500000	100		72254035	100		500000	100	500000	100

Notes:

* Promoter of HSIL Limited

** Promoter of Somany Home Innovation Limited

For HSIL LIMITED

COMPANY SECRETARY

Accounting Treatment

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 2371 0176 / 2371 0177 / 23394671 / 2414
Fax : 91 11 23346165 / 23314500
E-mail : delhi@lodhaco.com

To,
The Board of Directors,
HSIL Limited
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

We, the statutory auditors of HSIL Limited, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in Part D Clause 10.1 of the Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Somany Home Innovation Limited ("Resulting Company 1") and Bellbca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Accounting Treatment as contained in the Draft Scheme complies with the applicable Indian Accounting Standards and The Generally Accepted Accounting Principles in India . Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised), issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in Part D Clause 10.1 of the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), the Generally Accepted Accounting Principles in India.

(Relevant pages of the Draft Scheme is enclosed duly initialed).

This Certificate is issued at the request of the Company pursuant to the requirements of provisions of section 230 of The Companies Act 2013 for onward submission to the Stock Exchange, National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of

Companies], or any other regulatory authorities in relation to this Draft Scheme. This Certificate should not be used for any other purpose without our prior written consent.

This Certificate should be read together with the statement attached herewith (Annexure).

For LODHA & CO
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

Annexure to Certificate on proposed accounting treatment of Composite Scheme of Arrangement

To,
The Board of Directors,
HSIL Limited
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

1. This annexure is issued in accordance with the terms of our engagement dated 10th November, 2017 and is forming an integral part of the Auditors' Certificate dated 10th November , 2017.

2. The Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Simany Home Innovation Limited, ("Resulting Company 1") and Brilloca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), and the Generally Accepted Accounting Principles in India.

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India , is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Pursuant to the requirements of provisions of section 230 of The Companies Act 2013, our responsibility is to express reasonable assurance to the reporting criteria:

   a. whether the accounting treatment contained in the Draft Scheme complies with the applicable IND AS and the Generally Accepted Accounting Principles in India.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. Our examination did not extend to any aspects of a legal or propriety nature covered in the Draft Scheme.

8. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:

   (i) Read the Draft Scheme and the proposed accounting treatment specified therein.
   (ii) Noted that the accounting treatment contained in the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS).

Restriction on Use

The Certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of Companies Act, 2013 for onward submission to the Stock Exchange National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For LODHA & Co.
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

reduction under the provisions of Section 66 of the Companies Act, 2013 as well and no further compliances would be separately required.

9.3.3 Resulting Company 1 shall not be required to add the words "and reduced" as suffix to its name consequent upon the reduction of capital under Paragraph 9.3.2 above.

9.3.4 The reduction of capital of Resulting Company 1, as above, does not involve any diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.

9.4 The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new shareholders in Resulting Company 1, on account of the difficulties, if any, in the transition period.

9.5 Further, approval of this Scheme by the shareholders of Resulting Company 1 shall also be deemed to be the approval by the shareholders for enabling investment by foreign institutional investors / registered foreign portfolio investors, under the Portfolio Investment Scheme up to 49% of the paid up share capital of Resulting Company 1. Resulting Company 1 shall, upon the coming into effect of the Scheme, intimate the RBI and comply with such other requirements as mandated by the extant foreign exchange regulations relating thereto.

9.6 Listing of New Equity Shares

9.6.1 Post effectiveness of this Scheme, the share capital of Resulting Company 1, including the New Equity Shares to be issued and allotted by Resulting Company 1 in terms of Paragraph 9.2 above shall be listed and shall be admitted for trading on the Stock Exchanges by virtue of this Scheme and in accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017. Resulting Company 1 shall make all requisite applications and shall otherwise comply with the provisions of the aforesaid circulars and Applicable Laws and take all steps to get its share capital including the New Equity Shares issued by it in pursuance to this Scheme listed on the Stock Exchanges.

9.6.2 The New Equity Shares issued and allotted pursuant to this Scheme shall remain frozen in the depositories system until listing and trading permission is granted by the relevant designated Stock Exchange for their listing and trading. Post the issuance of the New Equity Shares by Resulting Company 1 in terms of Paragraph 9.2 of this Scheme, there shall be no change in the share capital of Resulting Company 1, including the New Equity Shares, or 'Control' in Resulting Company 1 between Record Date and the date of listing of the equity shares of Resulting Company 1, which may affect the status of the approval granted by the Stock Exchanges, and any other governmental authority in this regard.

10. ACCOUNTING TREATMENT

10.1 Accounting treatment in the books of account of the Demerged Company

10.1.1 The Board of Directors of the Demerged Company shall give effect to the Scheme in the books of account of the Demerged Company, as they deem fit, in accordance with the applicable Indian Accounting Standards and Generally Acceptable Accounting Principles.

10.1.2 The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of, (i) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:

(a) The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company.

(b) Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.

(c) Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.

(d) The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.

(e) The excess, if any, of Paragraphs 10.1.2(b) and 10.1.2(c) above, over Paragraphs 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.

(f) The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:

(i) Capital Reserve Account;

(ii) Securities Premium Account; and

(iii) General Reserves.

10.1.3 The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment in the securities premium account, as may be applicable.

10.2 **Accounting treatment in the books of Resulting Company 1**

10.2.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:

(a) The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be

LODHA
& CO
Chartered Accountants

14, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 2371 0176 / 2371 0177 / 23364871 / 2414
Fax : 91 11 23345163 / 23314309
E-mail : delhi@lodhaco.com

To,
The Board of Directors,
Somany Home Innovation Limited.
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

We, the statutory auditors of Somany Home Innovation Limited , (hereinafter referred to as 'the Company'), have examined the proposed accounting treatment specified in Part D Clause 10.2 of the Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Somany Home Innovation Limited ("Resulting Company 1") and Brillloca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Accounting Treatment as contained in the Draft Scheme complies with the applicable Indian Accounting Standards and The Generally Accepted Accounting Principles in India. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised), issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in Part D Clause 10.2 of the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), the Generally Accepted Accounting Principles in India.

[Relevant pages of the Draft Scheme is enclosed duly initialed].

This Certificate is issued at the request of the Company pursuant to the requirements of provisions of section 230 of The Companies Act 2013 for onward submission to the National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any

other regulatory authorities in relation to this Draft Scheme. This certificate should not be used for any other purpose without our prior written consent.

This Certificate should be read together with the statement attached herewith (Annexure).

For LODHA & CO
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

Annexure to Certificate on proposed accounting treatment of Composite Scheme of Arrangement

To,
The Board of Directors,
Sunray Home Innovation Limited.
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

1. This annexure is issued in accordance with the terms of our engagement dated 10th November, 2017 and is forming an integral part of the Auditors' Certificate dated 10th November , 2017.

2. The Draft Composite Scheme of Arrangement amongst JISL Limited ("the Demerged Company") and Sunray Home Innovation Limited. ("Resulting Company 1") and Brilliant Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015. and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), and the Generally Accepted Accounting Principles in India .

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India , is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Pursuant to the requirements of provisions of section 230 of The Companies Act 2013, our responsibility is to express reasonable assurance to the reporting criteria:

   a. whether the accounting treatment contained in the Draft Scheme complies with the applicable IND AS and the Generally Accepted Accounting Principles in India.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. Our examination did not extend to any aspects of a legal or propriety nature covered in the Draft Scheme.

8. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:

   (I) Read the Draft Scheme and the proposed accounting treatment specified therein.
   (II) Noted that the accounting treatment contained in the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS).

Restriction on Use

This Certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of Companies Act ,2013 for onward submission to the National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For LODHA & CO.
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

10.1.2 The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of: (a) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:

(a) The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company,

(b) Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.

(c) Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.

(d) The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.

(e) The excess, if any, of Paragraphs 10.1.2(b) and 10.1.2(c) above, over Paragraphs 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.

(f) The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:

(i) Capital Reserve Account;

(ii) Securities Premium Account; and

(iii) General Reserve.

10.1.3 The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2 Accounting treatment in the books of Resulting Company 1

10.2.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:

(a) The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be

reflected at their carrying amounts.

(b) Resulting Company 1 shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Demerged Company under Paragraph 9.2 of the Scheme.

(c) Resulting Company 1 shall record the Reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(d) The existing share capital of Resulting Company 1 shall be cancelled in accordance with Paragraph 9.3 of the Scheme.

(e) The difference, if any, from the accounting under the Paragraphs above, shall be recorded as capital reserve in the books of Resulting Company 1.

(f) Negative capital reserve, if any, created pursuant to Paragraphs above, shall be adjusted against the existing reserves of Resulting Company 1, in the manner as decided by its Board of Directors, in consultation with its Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.2.2 The existing shareholding of the Demerged Company in Resulting Company 1 shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. Face value of the equity shares so cancelled, shall be credited to the capital reserve account of Resulting Company 1.

10.2.3 The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2.4 The Board of Directors of Resulting Company 1 shall give effect to the Scheme in the books of account of Resulting Company 1, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

10.3 Accounting treatment in the books of Resulting Company 2

10.3.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall account for the demerger of the BPDM Undertaking, pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 2:

(a) The assets and liabilities of the BPDM Undertaking shall be reflected at their carrying

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
Fax : 91 11 23364668 / 23314309
E-mail : delhi@lodhaco.com

To,
The Board of Directors,
Brillloca Limited
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

We, the statutory auditors of Brillloca Limited, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in Part B Clause 10.3 of the Draft Composite Scheme of Arrangement amongst IISIL Limited ("the Demerged Company") and Somany Home Innovation Limited ("Resulting Company 1") and Brillloca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Accounting Treatment as contained in the Draft Scheme complies with the applicable Indian Accounting Standards and the Generally Accepted Accounting Principles in India. Nothing contained in this Certificate, nor anything said or done in the course of or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised), issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in Part B Clause 10.3 of the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), the Generally Accepted Accounting Principles in India.

[Relevant pages of the Draft Scheme is enclosed duly initialed].

This Certificate is issued at the request of the Company pursuant to the requirements of provisions of section 230 of the Companies Act 2013 for onward submission to the National Company Law

Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. This Certificate should not be used for any other purpose without our prior written consent.

This Certificate should be read together with the statement attached herewith (Annexure).

For LODHA & CO
Chartered Accountants
Firm Registration No : 301051E

(GAURAV LODHA)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

Annexure to Certificate on proposed accounting treatment of Composite Scheme of Arrangement

To,
The Board of Directors,
Brillica Limited,
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

1. This annexure is issued in accordance with the terms of our engagement dated 10th November, 2017 and is forming an integral part of the Auditors' Certificate dated 10th November, 2017.

2. The Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Somany Home Innovation Limited. ("Resulting Company 1") and Brillica Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), and the Generally Accepted Accounting Principles in India.

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India, is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Pursuant to the requirements of provisions of section 230 of The Companies Act 2013, our responsibility is to express reasonable assurance to the reporting criteria:

   a. whether the accounting treatment contained in the Draft Scheme complies with the applicable IND AS and the Generally Accepted Accounting Principles in India.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.



6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. Our examination did not extend to any aspects of a legal or propriety nature covered in the Draft Scheme.

8. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:

   (i) Read the Draft Scheme and the proposed accounting treatment specified therein.
   (ii) Noted that the accounting treatment contained in the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS).

Restriction on Use

The Certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of Companies Act ,2013 for onward submission to the National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For LODHA & CO.
Chartered Accountants
Firm Registration No: 301051E

(GAURAV LODHA)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

reflected at their carrying amounts.

(b) Resulting Company 1 shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Demerged Company under Paragraph 9.2 of the Scheme.

(c) Resulting Company 1 shall record the Reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(d) The existing share capital of Resulting Company 1 shall be cancelled in accordance with Paragraph 9.3 of the Scheme.

(e) The difference, if any, from the accounting under the Paragraphs above, shall be recorded as capital reserve in the books of Resulting Company 1.

(f) Negative capital reserve, if any, created pursuant to Paragraphs above, shall be adjusted against the existing reserves of Resulting Company 1, in the manner as decided by its Board of Directors, in consultation with its Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.2.2 The existing shareholding of the Demerged Company in Resulting Company 1 shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. Face value of the equity shares so cancelled, shall be credited to the capital reserve account of Resulting Company 1.

10.2.3 The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2.4 The Board of Directors of Resulting Company 1 shall give effect to the Scheme in the books of account of Resulting Company 1, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

10.3 **Accounting treatment in the books of Resulting Company 2**

10.3.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall account for the demerger of the BPDM Undertaking, pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 2:

(a) The assets and liabilities of the BPDM Undertaking shall be reflected at their carrying

amounts.

(b) Resulting Company 2 shall record the reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(c) The difference, if any, from the accounting under the Paragraphs 10.3.1(a) and (b) above shall be recorded as capital reserve.

(d) Negative capital reserve, if any, created pursuant to the Paragraphs 10.3.1(a) and (b) above, shall be adjusted against the existing reserves of Resulting Company 2, in the manner as decided by its Board of Directors, in consultation with the Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.3.2 The reduction, if any, under Paragraph 10.3.1(d) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.3.3 The Board of Directors of Resulting Company 2 shall give effect to the Scheme in the books of account of Resulting Company 2, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

11. REMAINING UNDERTAKING

11.1 The Remaining Undertaking and all the Assets, properties, rights, liabilities and obligations thereto shall continue to belong to and be vested in and be managed by the Demerged Company and Resulting Company 1 and Resulting Company 2 shall have no right, claim or obligation in relation to the Remaining Undertaking. From the Appointed Date, the Demerged Company shall carry on the activities and operations of the Remaining Undertaking distinctly and as a separate business from the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking.

11.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking shall be continued and enforced by or against the Demerged Company after the Effective Date. Resulting Company 1 and Resulting Company 2 shall in no event be responsible or liable in relation to any such legal or other proceeding against the Demerged Company.

11.3 With effect from the Appointed Date and up to, including and beyond the Effective Date, the Demerged Company:

(a) shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Undertaking for and on its own behalf; and

(b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of the Demerged Company.





BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AT KOLKATA
COMPANY APPLICATION (CAA) No. - 649 / KB OF 2018
(under Sections 230-232 of the Companies Act, 2013)
IN THE MATTER OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

AND

IN THE MATTER OF:

HSIL Limited, a company incorporated under the Companies Act, 1956 having its registered office at 2, Red Cross Place, Kolkata - 700001

...Applicant Company 1/ Transferor Company

AND

SOMANY HOME INNOVATION Limited, a company incorporated under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001

...Applicant Company 2 / Transferee Company 1

AND

BRILLOCA Limited, a company incorporated under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001

...Applicant Company 3 / Transferee Company 2

FORM OF PROXY

CIN:	L51433WB1960PLC024539
Name of the Company:	HSIL Limited
Registered Office:	2, Red Cross Place, Kolkata - 700001

Name of the Equity Shareholder(s) :.....
Registered Address:.....
Email ID:.....
DP ID and Client ID/ Folio No.:.....
I/ We, being the holders of .....equity shares of HSIL Limited ("Transferor Company"), hereby appoint:

i. Name:.....
Address:.....
Email ID:..... or failing him/her

ii. Name:.....
Address:.....
Email ID:..... or failing him/her

iii. Name:.....
Address:.....
Email ID:.....

as my/ our proxy, to act for me/ us at the meeting of the equity shareholders of the Transferor Company to be held at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata - 700 001 on Saturday, the 29th day of September, 2018 at 11:00 A.M., for the purpose of considering and, if thought fit, approving, with or without modification(s), the composite scheme of arrangement between the Transferor Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 ("Scheme") and at such meeting and at an adjournment or adjournments thereof, to vote, for me/ us and in my/ our name(s) _____ [here, 'if for', insert '**FOR**'; 'if against' insert '**AGAINST**', and in the latter case, strike out the words below after 'the said Scheme'] the said Scheme as my/our proxy.

Dated this _____ day of _____, 2018

Affix Re 1/- Revenue

_____
Signature of Equity Shareholder(s)

_____ _____ _____
Signature of first Proxy Holder | Signature of second Proxy Holder | Signature of third Proxy Holder

NOTES:

1. The Form of Proxy in order to be effective should be in the prescribed form, duly completed and signed or authenticated by the concerned person and deposited at the registered office of the Transferor Company at 2, Red Cross Place, Kolkata - 700001, **not later than 48 hours** before the scheduled time of the meeting.
2. In case of multiple proxies, proxy later in time shall be accepted.
3. Please affix a revenue stamp of Re. 1/- before signing across the same.
4. All alterations made in the Form of Proxy should be initialed.
5. Only an equity shareholder of the Transferor Company is entitled to vote in person, by proxy, through postal ballot or through electronic means.
6. An equity shareholder is entitled to attend and vote at the Tribunal convened meeting of the equity shareholders (**"Meeting"**), either in person or by proxy or through an authorized representative, as the case may be. where a body corporate which is an equity shareholder authorises any person to act as its representative at the meeting, a copy of the resolution of the board of directors or other governing body of such body corporate authorising such person to act as its representative at the meeting, and certified to be a true copy by a director, the manager, the secretary, or other authorised officer of such body corporate shall be lodged with the Transferor Company at its registered office **not later than 48 hours before the scheduled time of the Meeting.**
7. Pursuant to Section 105 of the Companies Act, 2013 read with Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of the equity shareholders not exceeding 50 and holding in the aggregate not more than 10% of the total equity share capital of the Transferor Company carrying voting rights. An equity shareholder holding more than 10% of the total equity share capital of the Transferor Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or equity shareholder.
8. An equity shareholder/ its proxy, attending the Meeting, is requested to bring the Attendance Slip duly completed and signed along with a copy of the deposited Form of Proxy (in case of a proxy). Equity shareholders holding shares in dematerialized form are requested to bring their Client Master List/ Depository Participant Statement/ Delivery Instruction Slip reflecting their Client ID and DP ID Number for easier identification of attendance at the Meeting.

HSIL LIMITED

CIN : L51433WB1960PLC024539
Registered Office : 2, Red Cross Place, Kolkata, West Bengal - 700 001, India
Tel. No. : 91-33-2248 7407 / 5668
E-mail : hsilinvestors@hindware.co.in, Website : www.hindwarehomes.com

ATTENDANCE SLIP

MEETING OF THE EQUITY SHAREHOLDERS OF HSIL LIMITED ON SATURDAY, SEPTEMBER 29, 2018 AT 11:00 A.M.

DP ID & Client ID/ Regd. Folio No.*	No. of Equity Shares

**applicable for shareholders holding shares in physical form.*

I hereby record my presence at the meeting of the equity shareholders of HSIL Limited, convened pursuant to the order dated August 2, 2018 and as amended on August 16, 2018 by the Hon'ble Bench of the National Company Law Tribunal at Kolkata in Company Application (CAA) No. 649 / KB of 2018, at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata - 700 001 on Saturday, the 29th day of September, 2018 at 11:00 A.M.

Name of the Equity Shareholder : .....

Signature of the Equity Shareholder : .....

OR

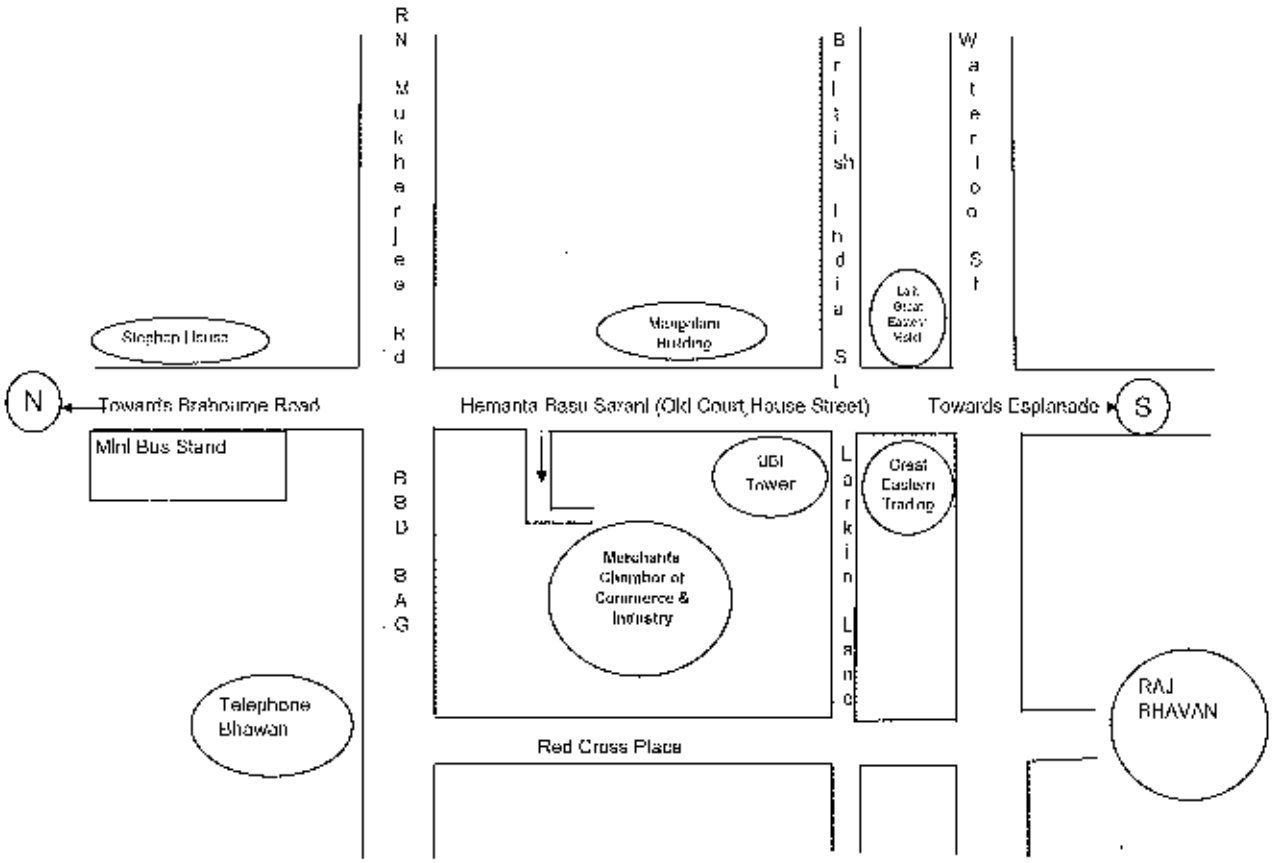
Name of the Proxy Holder : .....

Signature of the Proxy Holder : .....

NOTES:

1. Equity shareholders/ authorized representatives or their proxies attending the meeting must bring this attendance slip to the meeting and hand over the same at the entrance of the meeting venue after completing and signing the same.
2. Equity shareholders/ authorized representatives or their proxies desiring to attend the meeting should bring his/ her copy of the notice for reference at the meeting.

ROUTE MAP OF THE VENUE OF NCLT CONVEYED MEETING



HSIL LIMITED

Registered Office : 2, Red Cross Place, Kolkata - 700 001
Phone : 91-33-2248 7407 / 5668
E-mail : hsilinvestors@hindware.co.in
Website : www.hindwarehomes.com
CIN : L51433WB1960PLC024539

POSTAL BALLOT FORM

1.	Name(s) & Registered Address of the sole/first named member registered with HSIL Limited
2.	Name(s) and address(es) of the Joint-Holder(s), if any, registered with HSIL Limited
3.	Registered Folio Number/ DP ID & Client ID No.* *(Applicable to investors holding Shares in dematerialized form)
4.	Number of Equity Share(s) held

I/We hereby exercise my/our vote in respect of the following Resolutions to be passed through Postal Ballot/remote e-voting, for the business stated in the Notice dated August 17, 2018 of the meetings of the equity shareholders of HSIL Limited by conveying my/our assent or dissent to the said Resolution by placing tick (✓) mark in the appropriate box below:

Description of Resolution	No. of shares	I / We assent to the Resolutions (FOR)	I/We Dissent to the Resolutions (AGAINST)
Approval for the proposed composite scheme of arrangement between HSIL Limited, the **Transferor Company,** Somany Home Innovation Limited, **Transferee 1** and Brilloca Limited, **Transferee 2** and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 and other matters incidental thereto.			

Place :

Date :

Signature of the Member or the Authorised Representative (as per instructions overleaf)

ELECTRONIC VOTING PARTICULARS

The e-voting facility is available at the link https://www.evotingindia.com. The e-voting particulars are set out as follows:

E-Voting Sequence No. (EVSN)	USER ID (16 Digit Demat Account / Folio No.)	(Permanent Account Number (PAN)/ As per point no. 3 (g) of e-voting procedure of instructions)

Note :

1. Last date for receipt of Postal Ballot Forms by Scrutinizer is Friday, September 28, 2018 at 5:00 P.M (IST).
2. Please read the instructions printed overleaf carefully before exercising your vote.

INSTRUCTIONS

1. GENERAL INFORMATION

a) There will be one Postal Ballot Form / e-voting for every Client ID No. / Folio No., irrespective of the number of joint holders.

b) Members can opt for only one mode of voting i.e. either by Postal Ballot or through e-voting. In case you are opting for voting by Postal Ballot, then please do not cast your vote by e-voting and vice versa. In case Members cast their votes both by Postal Ballot and e-voting, the votes cast by e-voting shall prevail and votes cast through postal ballot form shall be considered invalid.

c) Voting rights in the Postal Ballot / e-voting cannot be exercised by a proxy. However, corporate and institutional shareholders shall be entitled to vote through their authorised representatives accompanied by a certified copy of the relevant board resolution with the specimen signature(s) of the authorized signatory(ies) duly attested.

d) **The e-voting period commences on Thursday, the August 30, 2018 (9:00 A.M. IST) and ends on Friday, the 28th September, 2018 (5.00 P.M. IST). During this period, members of the Company, holding shares in physical form or in dematerlised form, as on the cut-off date Friday, the 17th August, 2018, may cast their vote electronically.**

e) Ms. Arti Vyas, Practicing Company Secretary, has been approved as the Scrutinizer for the voting process (voting through Postal Ballot as well as e-voting) in a fair and transparent manner.

2. PROCESS FOR MEMBERS OPTING FOR VOTING BY POSTAL BALLOT

a) Members desiring to cast their vote by Postal Ballot should complete and sign this Postal Ballot Form and send it to the scrutinizer in the enclosed postage prepaid self-addressed envelope. Postal Ballot Forms deposited in person or sent by post or courier at the expense of the Member will also be accepted.

b) In case of joint holding, this Postal Ballot Form should be completed and signed by the first named Member and in his absence by the next named Member.

c) The signature of the Member on this Postal Ballot Form should be as per the specimen signature furnished by National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) or registered with the Company, in respect of shares held in dematerialised form or in physical form, respectively.

d) Completed Postal Ballot Forms should reach the scrutinizer at the Registered Office of the Company at 2, Red Cross Place, Kolkata - 700 001 not later than the close of working hours i.e. at 5.00P.M. on Friday, the 28th September, 2018. Postal Ballot Forms received after this date will be considered invalid.

e) Postal Ballot Forms which are incomplete or unsigned or defective in any manner are liable to be rejected. The scrutinizer's decision in this regard shall be final and binding.

f) A Member seeking duplicate Postal Ballot Form or having any grievance pertaining to the Postal Ballot process can write to the Company's Registrar- Maheshwari Datamatics Pvt. Ltd. at 23, R. N. Mukherjee Road, 5th Floor, Kolkata -700 001 or to the e-mail id:mdpldc@yahoo.com. Duly completed and signed duplicate Postal Ballot Forms should, however, reach the scrutinizer not later than the close of working hours i.e. 5.00 P.M. on Friday, 28th September, 2018.

g) Members are requested not to send any paper (other than the resolution/authority as mentioned under "General Information" point 1.c above) along with the Postal Ballot Form in the enclosed self-addressed postage pre-paid envelopeas all such envelopes will be sent to the Scrutinizer and if any extraneous paper is found in such envelope the same would not be considered and would be destroyed by the Scrutinizer.

3. PROCESS FOR MEMBERS OPTING FOR E-VOTING

(a) Shareholders should log on to the e-voting website www.evotingindia.com

(b) Click on "Shareholders" tab.

(c) Now, select the "HSIL Limited" from the drop down menu and click on "SUBMIT".

(d) Now Enter your User ID.

(i) For CDSL: 16 digits beneficiary ID,

(ii) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

(iii) For Physical Form: Members should enter Folio Number registered with the Company.

(e) Next enter the Image Verification as displayed and Click on Login.

(f) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(g) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. The sequence number is provided on the Postal Ballot Form. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id/ folio number in the Dividend Bank details field.

(h) After entering these details appropriately, click on "SUBMIT" tab.

(i) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(j) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(k) Click on the EVSN for the relevant "HSIL Limited" on which you choose to vote.

(l) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(m) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(n) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(o) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(p) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(q) If demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(r) Note for Institutional Shareholders

(i) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.

(ii) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com

(iii) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

(iv) The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

(v) A scanned copy of the Board Resolution and Power of Attorney which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(s) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(t) The voting rights of shareholders shall be in proportion to their share in the paid up equity share capital of the Company.

HSIL

HSIL LIMITED

CIN : L51433WB1960PLC024539
Registered Office : 2, Red Cross Place, Kolkata, West Bengal - 700 001, India
Tel. No. : 91-33-2248 7407 / 5668
E-mail : hsilinvestors@hindware.co.in, Website : www.hindwarehomes.com

MEETING OF THE SECURED CREDITORS OF HSIL LIMITED

(convened pursuant to order dated August 02, 2018 and as amended on August 16, 2018 of the Hon'ble Kolkata Bench of the National Company Law Tribunal)

DETAILS OF THE MEETING:

Day	Saturday
Date	September 29, 2018
Time	1:00 P.M. (Indian Standard Time)
Venue	Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata 700 001

DOCUMENTS ENCLOSED:

S. No.	Contents	Page Nos.
1.	Notice of the meeting of the secured creditors of HSIL Limited convened pursuant to the directions of the Hon'ble National Company Law Tribunal at Kolkata (**"Tribunal"**).	5-8
2.	Statement under Section 230(3) of the Companies Act, 2013 read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.	9-32
3.	Composite Scheme of Arrangement between HSIL Limited, Somany Home Innovation Limited, Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013, as filed before the Tribunal, enclosed as **ANNEXURE 1**.	33-80
4.	Order dated August 2, 2018 and as amended on August 16, 2018 passed by the Hon'ble Tribunal in Company Application (CAA) No. 649/KB/2018, enclosed as **ANNEXURE 2.**	81-105
5.	Valuation Report dated November 8, 2017 and revised Valuation Report dated December 11, 2017 (in accordance with the format prescribed by the BSE Limited), issued by Santosh K Singh & Co., Chartered Accountants, both enclosed as **ANNEXURE 3.**	106-144
6.	Fairness Opinion dated November 9, 2017 issued by Finshore Management Services Limited, a merchant banker registered with the Securities and Exchange Board of India, enclosed as **ANNEXURE 4.**	145-151
7.	Complaint Report submitted by HSIL Limited to the National Stock Exchange of India Limited on January 5, 2018, enclosed as **ANNEXURE 5**.	152-153
8.	Complaint Report submitted by HSIL Limited to BSE Limited on January 24, 2018, enclosed as **ANNEXURE 6**.	154
9.	Observation Letter dated April 23, 2018 issued by the National Stock Exchange of India Limited to HSIL Limited, enclosed as **ANNEXURE 7**.	155-156
10.	Observation Letter dated April 24, 2018 issued by BSE Limited to HSIL Limited, enclosed as **ANNEXURE 8**.	157-158

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11.	Report adopted by the board of directors of HSIL Limited pursuant to Section 232(2)(c) of the Companies Act, 2013, enclosed as **ANNEXURE 9**.	159-160
12.	Report adopted by the board of directors of Somany Home Innovation Limited pursuant to Section 232(2)(c) of the Companies Act, 2013, enclosed as **ANNEXURE 10**.	161-162
13.	Report adopted by the board of directors of Brilloca Limited pursuant to Section 232(2)(c) of the Companies Act, 2013, enclosed as **ANNEXURE 11**.	163-164
14.	Audited financials of HSIL Limited as on March 31, 2018, enclosed as **ANNEXURE 12.**	165-196
15.	Audited financials of Somany Home Innovation Limited as on March 31, 2018, enclosed as **ANNEXURE 13**.	197-208
16.	Audited financials of Brilloca Limited as on March 31, 2018, enclosed as **ANNEXURE 14**.	209-220
17.	The applicable information of Somany Home Innovation Limited in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), as filed with the Stock Exchanges, enclosed as **ANNEXURE 15.**	221-230
18.	The applicable information of Brilloca Limited in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the SEBI ICDR, as filed with the Stock Exchanges, enclosed as **ANNEXURE 16**.	231-239
19.	Pre and post-Scheme, expected capital structure and shareholding pattern of HSIL Limited, Somany Home Innovation Limited and Brilloca Limited, respectively, enclosed as **ANNEXURE 17.**	240-242
20.	Auditor's certificates that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013, enclosed as **ANNEXURE 18.**	243-260
21.	Form of Proxy.	261-262
22.	Attendance Slip.	263
23.	Route map for the venue of the meeting.	264
24.	Postal Ballot Form with instructions and self-addressed postage pre-paid Business Reply Envelope.	Loose Leaf

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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AT KOLKATA
CA (CAA) No. 649 / KB / 2018
(under Sections 230-232 of the Companies Act, 2013)

IN THE MATTER OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

AND

IN THE MATTER OF:

HSIL LIMITED, a company incorporated under the Companies Act, 1956, having its registered office at 2, Red Cross Place, Kolkata 700 001;
...Applicant Company 1/ Transferor Company

AND

SOMANY HOME INNOVATION LIMITED, a company incorporated under the Companies Act, 2013, having its registered office at 2, Red Cross Place, Kolkata 700 001;
...Applicant Company 2/ Transferee Company 1

AND

BRILLOCA LIMITED, a company incorporated under the Companies Act, 2013, having its registered office at 2, Red Cross Place, Kolkata 700 001.
...Applicant Company 3/ Transferee Company 2

NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE SECURED CREDITORS OF HSIL LIMITED

Notice is hereby given that by an order dated the 2nd day of August, 2018 and as amended on 16th August, 2018 (**"Order"**) the Hon'ble National Company Law Tribunal, Kolkata Bench (**"Tribunal"**), has directed a meeting to be held of the secured creditors of HSIL Limited (**"Transferor Company"**) for the purpose of considering, and if thought fit, approving with or without modification, the proposed composite scheme of arrangement between Transferor Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 (**"Scheme"**).

In pursuance of the said Order and as directed therein, further notice is hereby given that a meeting of the secured creditors of the Transferor Company will be held at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata 700 001 on Saturday, the 29th day of September, 2018, at 1.00 P.M. (**"Meeting"**), at which day, time and place the said secured creditors of the Transferor Company are requested to attend.

Copies of the said Scheme and of the statement under Section 230 of the Companies Act, 2013 read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 can be obtained free of charge on any day (except Saturday, Sunday and public holidays) at the registered office of the Transferor Company at 2, Red Cross Place, Kolkata 700 001. Persons entitled to attend and vote at the Meeting may vote in person, by proxy or through postal ballot, provided that all proxies in the prescribed form, duly completed and signed or authenticated by the concerned person, are deposited at the registered office of the Transferor Company as mentioned above not later than 48 hours before the scheduled time of the Meeting.

Forms of Proxy can be obtained free of charge on any day (except Saturday, Sunday and public holidays) at the registered office of the Transferor Company.

The Hon'ble Tribunal has appointed Mr. Somen Bose, Advocate, as the Chairperson of the Meeting, including for any adjournment(s) thereof. The Tribunal has also appointed Ms. Arti Vyas, practicing Company Secretary, as the Scrutinizer for the Meeting, including for any adjournment(s) thereof. The Scheme, if approved by the Meeting, will be subject to the subsequent approval of the Hon'ble Tribunal.

TAKE NOTICE that the following resolution is proposed under Section 230(3) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (**"Act"**) and the provisions of the memorandum of association and the articles of association of HSIL Limited (**"Transferor Company"**), for the purpose of considering, and if thought fit, approving, with or without modification(s), the proposed composite scheme of arrangement between the Transferor Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Act (**"Scheme"**).

***"RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (**"Act"**), the applicable rules, circulars and notifications made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time, issued by the Securities and Exchange Board of India (to the extent applicable), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (to the extent applicable), the observation letter dated April 23, 2018 issued by the National Stock Exchange of India Limited and the observation letter dated April 24, 2018 issued by BSE Limited and subject to the provisions of the memorandum of association and the articles of association of HSIL Limited (**"Transferor Company"**) and subject to the approval of the Kolkata Bench of the Hon'ble National Company Law Tribunal (**"Tribunal"**) and subject to such other approvals, permissions and sanctions of any regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the board of directors of the Transferor Company (**"Board"**, which term shall be deemed to mean and include one or more committee(s) constituted/ to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), the composite scheme of arrangement between the Transferor Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Act (**"Scheme"**) as enclosed to the notice of the Tribunal convened meeting of the secured creditors of the Transferor Company and placed before this meeting, be and is hereby approved.*

***RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to the preceding resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/ or conditions, if any, which may be required and/ or imposed by the Tribunal while sanctioning the Scheme or by any authorities under applicable law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and/ or making such adjustments in the books of accounts of the Transferor Company as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper."*

A copy of the statement under Section 230(3) of the Act read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (**"Rules"**) (**"Explanatory Statement"**), the Scheme and other enclosures including the Form of Proxy and the Attendance Slip are enclosed and form part of the notice.

Dated this 17th day of August, 2018.

For **HSIL Limited**

Sd/-
Somen Bose
(Chairperson appointed for the meeting)

Registered Office: 2, Red Cross Place, Kolkata - 700001.
CIN: L51433WB1960PLC024539.
Email: hsilinvestors@hindware.co.in

NOTES

1. **ONLY AN SECURED CREDITOR OF THE TRANSFEROR COMPANY IS ENTITLED TO ATTEND AND VOTE AT THE TRIBUNAL CONVENED MEETING OF THE SECURED CREDITORS OF THE TRANSFEROR COMPANY ("MEETING"), EITHER IN PERSON OR BY PROXY OR THROUGH AN AUTHORIZED REPRESENTATIVE (IN CASE THE SECURED CREDITOR IS A BODY CORPORATE), AS THE CASE MAY BE. WHERE A BODY CORPORATE WHICH IS AN SECURED CREDITOR AUTHORISES ANY PERSON TO ACT AS ITS REPRESENTATIVE AT THE MEETING, A COPY OF THE RESOLUTION OF THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF SUCH BODY CORPORATE AUTHORISING SUCH PERSON TO ACT AS ITS REPRESENTATIVE AT THE MEETING, AND CERTIFIED TO BE A TRUE COPY BY A DIRECTOR, THE MANAGER, THE SECRETARY OR OTHER AUTHORISED OFFICER OF SUCH BODY CORPORATE SHALL BE LODGED WITH THE TRANSFEROR COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.**

2. **SUCH SECURED CREDITOR IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD AND ON BEHALF OF SUCH SECURED CREDITOR AND SUCH PROXY NEED NOT BE A SECURED CREDITOR OF THE TRANSFEROR COMPANY. PROXIES TO BE VALID AND EFFECTIVE SHOULD BE IN THE PRESCRIBED FORM OF PROXY, DULY COMPLETED AND SIGNED OR AUTHENTICATED BY THE CONCERNED PERSON AND SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE TRANSFEROR COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.**

3. A secured creditor/ its proxy, attending the Meeting, is requested to bring the attendance slip duly completed, signed or authenticated by the concerned person along with a copy of the deposited Form of Proxy (in case of a proxy).

4. A secured creditor (in case such secured creditor is an individual) or the authorized representative of the secured creditor (in case such secured creditor is a body corporate) or the proxy holder, should carry their valid and legible identity proof (i.e. a PAN Card/ Aadhaar Card/ Passport/ Driving License/ Voter ID Card). Additionally, a secured creditor (in case such secured creditor is a sole proprietorship) or the proxy should carry a valid document evidencing the individual as the proprietor of the sole proprietorship.

5. The notice together with the documents accompanying the same, are being sent to all the secured creditors by permitted modes whose names appear in the chartered accountant's certificate certifying the list of secured creditors as on July 31, 2018. Such secured creditors shall be entitled to vote at the Meeting. The notice together with the documents accompanying the same, will be displayed on the website of the Transferor Company at (www.hindwarehomes.com), besides being communicated to the stock exchanges where the equity shares of the Transferor Company are listed, namely, the National Stock Exchange of India Limited and BSE Limited (collectively, the "Stock Exchanges").

6. In terms of the directions contained in the order dated August 2, 2018 and as amended on August 16, 2018 ("**Order**"), the quorum for the Meeting shall be five secured creditors. Further, in case the aforesaid quorum for the Meeting is not present, then the Meeting shall be conducted with one secured creditor quorum. For the purposes of computing the quorum, the valid proxies shall also be considered.

7. In terms of Sections 230 to 232 of the Act, the Scheme shall be considered approved by the secured creditors if the resolution mentioned above in the notice has been approved at the Meeting by a majority of persons representing three-fourths in value of the secured debt of the secured creditors, voting in person or by proxy at the Meeting.

8. In terms of the directions contained in the Order, the advertisement of the Meeting will be published in the "Financial Express" (Kolkata edition, in English) and "Aajkal" (Kolkata edition, in Bengali) indicating the day, date, place and time of the Meeting and stating that the copies of the Scheme, the Explanatory Statement and the Form of Proxy can be obtained free of charge on any day (except Saturday, Sunday and public holidays) from the registered office of the Transferor Company at 2, Red Cross Place, Kolkata - 700001.

9. The Company is offering facility for voting through Postal Ballot Form. A postal Ballot Form along with self-addressed postage pre-paid Business Reply Envelope is enclosed. Secured Creditors are requested to carefully read the instructions printed on the Postal Ballot Form and return the form duly completed with assent (for) and dissent (against), in the attached Business Reply Envelope, so as to reach the Scrutinizer on or before Friday, September 28, 2018. It may be noted that ballot / polling paper will also be provided at the Meeting venue.

10. The scrutinizer will submit his report to the Chairperson after completion of the scrutiny of the ballot / polling papers submitted by the secured creditors at the Meeting during the voting process. The scrutinizer's decision on the validity of the vote shall be final. The results along with the report of the scrutinizer shall be displayed at the registered office of the Transferor Company at 2, Red Cross Place, Kolkata - 700001 and its website at (www.hindwarehomes.com), besides being communicated to the stock exchanges where the equity shares of the Transferor Company are listed, namely, the National Stock Exchange of India Limited and BSE Limited (collectively, the **"Stock Exchanges"**).

11. All documents referred to in the notice and the accompanying Explanatory Statement will be available for inspection by the secured creditors at the registered office of the Transferor Company on all days, except Saturday, Sunday and public holidays, between 3.00 P.M. to 5.00 P.M., up to the date of the Meeting.

12. Any queries/grievances in relation to notice may be addressed to the company secretary of the Transferor Company through e-mail: hsilinvestors@hindware.co.in. The company secretary of the Transferor Company can also be contacted at 033-22487407/5668.

Enclosures: As above

STATEMENT UNDER SECTION 230(3) OF THE COMPANIES ACT, 2013 READ WITH RULE 6(3) OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 TO THE NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE SECURED CREDITORS OF HSIL LIMITED

1. This statement is being furnished pursuant to Section 230(3) of the Companies Act, 2013 (**"Act"**) and Rule 6(3) of the Companies(Compromises, Arrangements and Amalgamations) Rules,2016 (**"Rules"**)(**"Explanatory Statement"**).

2. Pursuant to the order dated August 2, 2018 and as amended on August 16, 2018, passed by the Hon'ble Bench of the National Company Law Tribunal at Kolkata (**"Tribunal"**) in Company Application (CAA) No. 649/KB/2018 (**"Order"**), a meeting of the secured creditors of HSIL Limited (**"Transferor Company"**) is being convened at 1:00 P.M. on Saturday, the 29th day of September, 2018 at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata - 700 001 (**"Meeting"**) for the purpose of considering and, if thought fit, approving with or without modification(s), the composite scheme of arrangement between Transferor Company, Somany Home Innovation Limited (**"Transferee Company 1"**) and Brilloca Limited (**"Transferee Company 2"**) (collectively referred to as **"Companies"**) and their respective shareholders and creditors under Sections 230 to 232 of the Act (**"Scheme"**). The Scheme as filed before the Tribunal is enclosed as **ANNEXURE 1.** Please refer to Paragraphs 49 and 50 of this Explanatory Statement for the rationale and salient features of the Scheme.

3. The proposed Scheme was placed before the Audit Committee of the Transferor Company (**"HSIL Audit Committee"**) at its meeting held on November 10, 2017. On the basis of its evaluation and independent judgment and consideration of the valuation report (containing the share entitlement ratio) dated November 8, 2017, issued by Santosh K Singh & Co., Chartered Accountants and the fairness opinion dated November 9, 2017 issued to the Transferor Company by Finshore Management Services Limited, a merchant banker registered with the Securities and Exchange Board of India (**"SEBI"**), the HSIL Audit Committee approved and recommended the Scheme to the board of directors (**"Board"**) of the Transferor Company.

4. The Board of the Transferor Company, based on the independent recommendation of the HSIL Audit Committee, approved the Scheme vide resolution dated November 10, 2017. The following directors voted on the resolution passed by the Board of the Transferor Company on November 10, 2017: (i) Dr. Rajendra Kumar Somany, (ii) Mr. Sandip Somany, (iii) Ms. Sumita Somany, (iv) Mr. V.K. Bhandari, (v) Mr. N.G. Khaitan, (vi) Dr. Rainer S. Simon, (vii) Mr. Salil Bhandari, and (viii) Mr. G.L. Sultania. Mr. Ashok Jaipuria took a leave of absence.

5. The Board of Transferee Company 1 approved the Scheme vide resolution dated November 10, 2017. The following directors voted on the resolution passed by the Board of Transferee Company 1 on November 10, 2017: (i) Mr. Sandip Somany, and (ii) Mr. G.L. Sultania. Mr. Niranjan Kumar Goenka took a leave of absence.

6. The Board of Transferee Company 2 approved the Scheme vide resolution dated November 10, 2017. The following directors voted on the resolution passed by the Board of Transferee Company 2 on November 10, 2017: (i) Mr. Sandip Somany, and (ii) Mr. G.L. Sultania. Mr. Niranjan Kumar Goenka took a leave of absence.

7. The Scheme is presented under Sections 230 to 232 and other applicable provisions of the Act read with Section 2(19AA) and other applicable provisions of the Income-tax Act, 1961, for the transfer by way of demerger of:

   (i) the CPDM Undertaking (as defined under Paragraph 4.1(i) in Part A of the Scheme) and the Retail Undertaking (as defined under Paragraph 4.1(v) in Part A of the Scheme) from the Transferor Company, and transfer and vesting of each of them, as a going concern, to Transferee Company 1; and

   (ii) the BPDM Undertaking (as defined under Paragraph 4.1(g) in Part A of the Scheme) from the Transferor Company and transfer and vesting of the same, as a going concern, to Transferee Company 2; and

   various other matters consequential or otherwise integrally connected therewith.

8. In terms of Sections 230 to 232 of the Act, the Scheme shall be considered approved by the secured creditors of the Transferor Company if the resolution mentioned in the notice has been approved at the Meeting by a majority in number representing three-fourths in value of the secured creditors of the Transferor Company, voting in person, by proxy or through postal ballot.

DETAILS OF THE TRANSFEROR COMPANY AS PER RULE 6(3) OF THE RULES

9. Details of the Transferor Company:

HSIL Limited (Transferor Company)	
Corporate Identification No. (CIN)	L51433WB1960PLC024539
Permanent Account No. (PAN)	AAACH7564H
Incorporation Date	February 8, 1960
Type of Company	Public Limited Company
Registered Office Address	2, Red Cross Place, Kolkata, West Bengal 700 001, India.
Email	hsilinvestors@hindware.co.in
Stock Exchange(s) where securities of the Transferor Company are listed	(i) BSE Limited; and (ii) National Stock Exchange of India Limited

10. Summary of the main objects as per the memorandum of association of the Transferor Company:

The main objects of the Transferor Company are set out under Clause III of its memorandum of association, which are as under:

"To Produce, manufacture, refine prepare import, export, purchase, sell, treat and generally to deal in all kinds of Sanitaryware (including sanitaryware made of plastic, fibreglass or any other synthetic product), earthenware, stoneware, glass, china, terra cotta. procelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and building materials generally.

To produce, manufacture, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of cement (ordinary white coloured portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, gardenwares etc.)

To carry on the business of paiviours and manufacturers of and dealers in fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terra cofta and ceramic wares and sanitarywares.

To carry on in India or elsewhere any trade business manufacture or commence and the export and import of all kinds of produce and merchandise and also business as agents, brokers, factors, financiers, shippers, manufacturers, planters, contractors, engineers, dealers, shipowners, lightermen, carriers by land and sea, dockowners wharfingers and warehousemen.

To set up, establish, acquire or take on lease any factory, quarries, mines, workshop and other works.

To develop and turn to account any land acquired by the Company or in which the Company is interested and in particular by laying out and preparing the same for building purposes constructing, altering, pulling down decorating, maintaining, furnishing, fitting up and improving buildings and by planting paving, draining, farming, cultivating letting on building lease or building agreement, and by advancing money to and entering into contracts and arrangement of all kinds with builders, tenants and others.

To construct, maintain, improve, develop work, control and manage any waterworks, gasworks, reservoirs, roads, tramways, electric power, heat and light supply works, telephone works, hotels, clubs, restaurants, baths, places of worship, places of amusement, pleasure grounds, parks, gardens, reading rooms, stores, shops, dairies and other works and conveniences which the Company may think directly or indirectly conducive to these object and to contribute or otherwise assist or take part in the construction maintenance, development, working, control and management thereof.

To carry on the business of designer, manufacturers, suppliers, dealers of any erectors of machinery, appliances, equipment components and ancillianes of all kinds and parts thereof for manufacturing making or designing or for being used in manufacturing of Sanitaryware, ceramics of all kinds, glasses of all kinds and bottles of all kinds and to act as consultants or advisers in respect of any of the aforesaid.

To carry on the business of manufacturers of and dealers in sheet glass, plate glass, crystal glass, wired glass, figured glass, pressed glass, hard glass, safety glass, neutral glass, safety and laminated glass, pyrex glass, optical

glass, foam glass, mercury coated glass, heat resisting glass, borosilicate glass, plastic container, cathedral and reeded glass, mineral and wool fibre glass, glass & ceramic colour scientific, opthalmic, cinematographic lenses, photographic and X-ray plates and instruments, mirrors, thermoflasks, thermometers, laboratory apparatus and equipments and glass for other scientific purposes, glass bricks, tiles and building blocks, glass hollow-ware, syringes, bottles, jars, phials, vials, ampoules syringes glass, wool insulation, glass textile yarns, glass staple tissues and fibre glasses of all kinds, glass eyes, buttons, bubles, false pearls, tumblers, chimneys, vases, gas and electric shades and globes and all other kinds of blown, pressed and other glass articles.

To engage in and carry on all or any of the business of designers, engineers, manufacturers, consultants, advisers, assessors, surveyors, draftsmen, inspectors and dealers of and in feeders, lehrs stackers, conveyors, fire finishing machines, ACL printing machines, inspection equipment and ancillary machines and equipment.

To carry on the business of leasing and hire purchase finance and to provide on lease or on hire purchase all types of industrial and office plant equipment machinery, vehicles and buildings.

To carry on the trade or business of Producers, Manufactures, Importers, Exporters, Dealers, Stockists, Buyers, Sellers of Pipes, Jointing, Fittings, Injection/Blow Moulding items, Toys and other articles, Containers, Bottles, Packing Materials, Packing Sheets, Tubing by use of natural and synthetic Fibres and/or processed out of and/or by use of PVC/High Density Polyethylene/Low Density Polyethylene/ Polystyrene.

To carry on any other business manufacturing or otherwise may seem to the Company capable of being conveniently carried on and to deal in all kinds of goods and merchandise, machinery, apparatus and materials.

To manufacture, process, import, export, buy, sell and deal in all kinds of Kitchen Products like Kitchen-Sinks, Chimneys, Hobs, Kitchen Appliances, and Faucets including Chromium-plated Fittings, Bath Tubs & Whirlpools, Shower Enclosures, Home Appliances, Furnitures of all kinds, Electrical Products like Lamps etc., Decorative Materials, and Building Chemicals.

To acquire and undertake all or any part of the business, property and liability of any person or company carrying on any business which this Company is authorised to carry on or possessed of property suitable for the purpose of the Company.

To invest and deal with moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined."

11. **Main business carried on by the Transferor Company:**

The Transferor Company is presently inter alia engaged in the business of manufacturing, preparing, buying, selling, importing, exporting, trading and otherwise dealing in all kinds of building products (sanitaryware, faucets, tiles, other lifestyle products, UPVC and CPVC pipes, fittings, etc.), consumer products, glass packaging products, plastic packaging material, security caps and closures, wind power generation and retail business for home interior solutions.

12. **Details of change of name of the Transferor Company during the last five years:** The Transferor Company was incorporated on February 8, 1960, under the name 'Hindusthan Twyfords Limited'. Subsequently, the name of the Transferor Company was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of the Transferor Company. There has been no change in the name of the Transferor Company during the last five years.

13. **Details of change in registered office of the Transferor Company during the last five years:** There has been no change in the registered office of the Transferor Company during the last five years.

14. **Details of change in objects of the Transferor Company during the last five years:** The following Clause 7E was inserted in the main objects of the Transferor Company, in terms of the Order dated January 9, 2014, made over to the Transferor Company on March 13, 2014, by the Hon'ble High Court of Calcutta, while approving a Scheme of Amalgamation of erstwhile Garden Polymers Private Limited with the Transferor Company.

"To carry on the trade or business of Producers, Manufactures, Importers, Exporters, Dealers, Stockists, Buyers, Sellers of Pipes, Jointing, Fittings, Injection/Blow Moulding items, Toys and other articles, Containers, Bottles, Packing Materials, Packing Sheets, Tubing by use of natural and synthetic Fibres and/or processed out of and/or by use of PVC/High Density Polyethylene/Low Density Polyethylene/Polystyrene."

15. **Details of the capital structure of the Transferor Company including authorized, issued, subscribed and paid-up share capital:**

Authorised Share Capital as on July 31, 2018	**Amount (in Rs.) (in lakhs)**
11,12,50,000 Equity Shares of Rs. 2 each	2225.00
Total	**2225.00**
Issued, Subscribed and Paid-up Share Capital on July 31, 2018	**Amount (in Rs.) (in lakhs)**
7,22,96,395 Equity Shares of Rs. 2 each	1445.93
Add: Forfeited Share Capital	0.04
Total	**1445.97**

Please refer to **ANNEXURE 17** for details regarding the pre and post-arrangement, expected capital structure and shareholding pattern of each of the Companies.

16. **Names of the promoters of the Transferor Company as on July 31, 2018 along with their addresses**

S. No.	Name of the Promoter	Address
1.	Dr. Rajendra Kumar Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
2.	Mr. Sandip Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
3.	Ms. Sumita Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
4.	Ms. Divya Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
5.	Mr. Shashvat Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
6.	Paco Exports Limited	2, Red Cross Place, Kolkata 700 001
7.	Soma Investments Limited	2, Red Cross Place, Kolkata 700 001
8.	New Delhi Industrial Promotors and Investors Limited	2, Red Cross Place, Kolkata 700 001
9.	Matterhorn Trust	2, Red Cross Place, Kolkata 700 001

17. **Names of the directors of the Transferor Company as on July 31, 2018 along with their addresses:**

S. No.	Name of the Director and Designation	Address
1.	Dr. Rajendra Kumar Somany, Chairman and Managing Director and KMP	B-5/12, Safdarjang Enclave, New Delhi 110 029
2.	Mr. Sandip Somany, Vice Chairman and Managing Director and KMP	B-5/12, Safdarjang Enclave, New Delhi 110 029
3.	Mrs. Sumita Somany, Non Executive Non Independent Director	B-5/12, Safdarjang Enclave, New Delhi 110 029
4.	Mr. Ashok Jaipuria, Independent Director	1/27, Shantiniketan New Delhi 110 021
5.	Mr. Vijay Kumar Bhandari, Independent Director	1704, Wallace Apts., Sleater Road, Grant Road West, Grant Road, Mumbai 400 007
6.	Mr. Girdhari Lal Sultania, Non Executive Non Independent Director	2, Rowland Road, Kolkata 700 020
7.	Mr. Nand Gopal Khaitan, Independent Director	3, Queens Park, Ballygunge, Kolkata 700 019
8.	Dr. Rainer S. Simon, Independent Director	Nolteweg 2, 30916 Isernhagen, NA DE
9.	Mr. Salil Bhandari, Independent Director	A-42, Ground Floor, Block-A, Chittranjan Park, Kalkaji, South Delhi, New Delhi - 110 019

18. **The date of the board meeting at which the Scheme was approved by the Board of the Transferor Company including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:**

The Scheme was unanimously approved by the Board of the Transferor Company on November 10, 2017. The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

S. No.	Name of the Directors	Address
1.	Dr. Rajendra Kumar Somany	Favour
2.	Mr. Sandip Somany	Favour
3.	Mrs. Sumita Somany	Favour
4.	Mr. Ashok Jaipuria	Leave of Absence
5.	Mr. Vijay Kumar Bhandari	Favour
6.	Mr. Girdhari Lal Sultania	Favour
7.	Mr. Nand Gopal Khaitan	Favour
8.	Dr. Rainer S. Simon	Favour
9.	Mr. Salil Bhandari	Favour

19. As on July 31, 2018, the amount due to the unsecured creditors of the Transferor Company is Rs. 6,433,627,461.

20. **Disclosure about effect of the Scheme on material interests of directors, key managerial personnel, debenture trustee and other stakeholders of the Transferor Company:**

S. No.	Category of Stakeholders	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company (**"New Equity Shares"**). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation. The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company whose name is recorded in the register of members of the Transferor Company as holding shares as of the Record Date.
2.	Promoter	Please refer to S. No. 1 above regarding effect of the Scheme on the shareholders of the Transferor Company.
3.	Non-Promoter Shareholders	
4.	Key Managerial Personnel (**"KMPs"**)/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of the Transferor Company.

5.	Creditors/ Debenture Holders	The Scheme is expected to be in the best interests of the creditors of the Transferor Company. There are no debenture holders in the Transferor Company.
6.	Depositors/ Deposit Trustee	The Transferor Company does not have any depositors or deposit trustee.
7.	Debenture Trustee	The Transferor Company has not issued any debentures.
8.	Employees	(a) Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits. (b) Upon the Scheme becoming effective, all employees of the BPDM Undertaking shall be deemed to have become employees of Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

21. Disclosure about the effect of the Scheme on the material interests of directors and key managerial personnel of the Transferor Company:

None of the "Directors" (as defined under the Act), the "Key Managerial Personnel" (as defined under the Act) of the Transferor Company and their respective "Relatives" (as defined under the Act) have any interests, financial or otherwise in the Scheme except to the extent of shareholding in the Companies as set out below and/or to the extent the said Directors/ Key Managerial Personnel of the Transferor Company are directors on the board of/ key managerial personnel of Transferee Company 1 and Transferee Company 2 as set out below:

Details as on July 31, 2018				
Sl. No.	**Name / Designation**	**No. of shares held in the Transferor Company**	**No. of shares held in Transferee Company 1**	**No. of shares held in Transferee Company 2**
1.	Dr. Rajendra Kumar Somany, Chairman and Managing Director and KMP	30,80,000	-	1*
2.	Mr. Sandip Somany, Vice Chairman and Managing Director and KMP	22,83,563	1*	-
3.	Mrs. Sumita Somany, Non Executive Non Independent Director	1,61,000	-	-
4.	Mr. Ashok Jaipuria, Independent Director	-	-	-
5.	Mr. Vijay Kumar Bhandari, Independent Director	-	-	-
6.	Mr. Girdhari Lal Sultania, Non Executive Non Independent Director	705	1*	1*

7.	Mr. Nand Gopal Khaitan, Independent Director	132	-	-
8.	Dr. Rainer S. Simon, Independent Director	-	-	-
9.	Mr. Salil Bhandari, Independent Director	-	-	-
10.	Mr. Sandeep Sikka, Chief Financial Officer	-	-	-
11.	Ms. Payal M Puri, Company Secretary	-	-	-

(*) shares held as nominee

Details as on July 31, 2018				
Sl. No.	**Name of Director / KMP**	**Designation in the Transferor Company**	**Designation in Transferee Company 1**	**Designation in Transferee Company 2**
1.	Dr. Rajendra Kumar Somany	Chairman and Managing Director and KMP	-	-
2.	Mr. Sandip Somany	Vice Chairman and Managing Director and KMP	Director	Director
3.	Mrs. Sumita Somany	Non Executive Non Independent Director	-	-
4.	Mr. Ashok Jaipuria	Independent Director	-	-
5.	Mr. Vijay Kumar Bhandari	Independent Director	-	-
6.	Mr. Girdhari Lal Sultania	Non Executive Non Independent Director	Director	Director
7.	Mr. Nand Gopal Khaitan	Independent Director	-	-
8.	Dr. Rainer S. Simon	Independent Director	-	-
9.	Mr. Salil Bhandari	Independent Director	-	-
10.	Mr. Sandeep Sikka	Chief Financial Officer	-	-
11.	Ms. Payal M Puri	Company Secretary	-	-

DETAILS OF TRANSFEREE COMPANY 1 AS PER RULE 6(3) OF THE RULES

22. **Details of Transferee Company 1:**

Sonay Home Innovation Limited (Transferee Company 1)	
Corporate Identification No. (CIN)	U74999WB2017PLC222970
Permanent Account No. (PAN)	AAZCS2853D
Incorporation Date	September 28, 2017
Type of Company	Public Limited Company
Registered Office Address	2, Red Cross Place, Kolkata, West Bengal 700 001, India
Email	ngoenka@hindware.co.in
Stock Exchange(s) where securities of Transferee Company 1 are listed	Not applicable as the shares of Transferee Company 1 are not listed.

23. **Summary of the main objects as per the memorandum of association of Transferee Company 1:**

The main objects of Transferee Company 1 are set out under Clause 3(a) of its memorandum of association, which are as under:

"To import, export, buy, sell, process, manufacture and deal in all kinds of Kitchen Products like Kitchen-Sinks, Chimneys, Hobs, Kitchen Appliances, and Faucets including Chromium-plated Fittings, Bath Tubs & Whirlpools, Shower Enclosures, Home Appliances, Furnitures of all kinds, Electrical Products like Air Purifier, Water Purifier, Air Cooler, Water Heater Lamps etc., Decorative Materials, and Building Chemicals and also products like fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, Hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)

To carry on any other business which may seem to the Company capable of being conveniently carried on and to deal in all kinds of goods and merchandise, machinery, apparatus and materials.

To carry on in India or elsewhere any trade business and the export and import of all kinds of produce and merchandise and also business as agents, brokers, factors, financiers, shippers, manufacturers, planters, contractors, engineers, dealers, ship owners, lighter men, carriers by land and sea, dock owners wharfingers and warehouse men.

To carry on the business of paviors of and dealers in fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, Hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta and ceramic wares and sanitary wares.

To Produce, refine, prepare import, export, purchase, sell, treat and generally to deal in all kinds of Sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta. Porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and building materials generally.

To produce, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)"

24. **Main business carried on by Transferee Company 1:**

Transferee Company 1 is authorised by its memorandum of association to inter alia carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances, and faucets including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials, and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.).

At present, Transferee Company 1 does not carry on any business activity. On coming into effect of the Scheme, Transferee Company 1 will engage in, and carry on, the business of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Transferor Company.

25. **Details of change of name of Transferee Company 1 during the last five years:** There has been no change in the name of Transferee Company 1 since its incorporation on September 28, 2017.

26. **Details of change in registered office of Transferee Company 1 during the last five years:** There has been no change in the registered office of Transferee Company 1 since its incorporation on September 28, 2017.

27. **Details of change in objects of Transferee Company 1 during the last five years:** There has been no change in the objects of Transferee Company 1 since its incorporation on September 28, 2017.

28. **Details of the capital structure of Transferee Company 1 including authorized, issued, subscribed and paid-up share capital:**

The authorised, issued, subscribed and paid-up share capital of Transferee Company 1, as on July 31, 2018 is as under:

Authorised Share Capital as on July 31, 2018	**Amount (in Rs.) (in lakhs)**
50,00,000 Equity Shares of Rs. 2 each	100.00
Total	**100.00**
Issued, Subscribed and Paid-up Share Capital as on July 31, 2018	**Amount (in Rs.) (in lakhs)**
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**

Please refer to **ANNEXURE** 17 for details regarding the pre and post-arrangement, expected capital structure and shareholding pattern of each of the Companies.

29. **Names of the promoters of Transferee Company 1 as on July 31, 2018 along with their addresses:**

Sl. No.	Name of the Promoter	Address
1.	HSIL Limited	2, Red Cross Place, Kolkata, West Bengal 700 001, India

30. **Names of the directors of Transferee Company 1 as on July 31, 2018 along with their addresses:**

Sl. No.	Name	Address
1.	Mr. Sandip Somany	B-5/12, Safdarjang Enclave, New Delhi - 110 029
2.	Mr. Girdhari Lal Sultania	2, Rowland Road, Kolkata - 700 020
3.	Mr. Niranjan Kumar Goenka	Prasad Exotica, Block-VI, Flat No.2F, 2nd Floor, 71/3, Canal Circular Road, Kolkata - 700 054

31. **The date of the board meeting at which the Scheme was approved by the Board of Transferee Company 1 including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:**

The Scheme was unanimously approved by the Board of Transferee Company 1 on November 10, 2017. The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

Sl. No.	Name of the Directors	Votes
1.	Mr. Sandip Somany	Favour
2.	Mr. Girdhari Lal Sultania	Favour
3.	Mr. Niranjan Kumar Goenka	Leave of Absence

32. As on March 31, 2018 and also as on July 31, 2018, the amount due to the unsecured creditor of Transferee Company 1 is Rs. 6,00,000/-.

33. **Disclosure about effect of the Scheme on material interests of directors, key managerial personnel, debenture trustee and other stakeholders of Transferee Company 1:**

S. No.	Category of Stakeholders	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company (**"New Equity Shares"**).

		Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation. The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company whose name is recorded in the register of members of the Transferor Company as holding shares as of the Record Date.
2.	Promoter	Please refer to S. No. 1 above regarding effect of the Scheme on the shareholders of the Transferor Company.
3.	Non-Promoter Shareholders	
4.	Key Managerial Personnel ("KMPs")/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of the Transferee Company 1.
5	Creditors/ Debenture Holders	The Scheme is expected to be in the best interests of the creditor of Transferee Company 1. There are no debenture holders in Transferee Company 1.
6	Depositors/ Deposit Trustee	Transferee Company 1 does not have any depositors or any deposit trustee.
7.	Debenture Trustee	Transferee Company 1 has not issued any debentures.
8.	Employees	Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

34. Disclosure about the effect of the Scheme on the material interests of directors and key managerial personnel of Transferee Company 1:

None of the "Directors" (as defined under the Act), the "Key Managerial Personnel" (as defined under the Act) of Transferee Company 1 and their respective "Relatives" (as defined under the Act) have any interests, financial or otherwise in the Scheme except to the extent of shareholding in the Companies as set out below and/or to the extent the said directors/ key managerial personnel of Transferee Company 1 are directors on the board of/ key managerial personnel of the Transferor Company and Transferee Company 2 as set out below:

Details as on July 31, 2018				
Sl. No.	**Name / Designation**	**No. of shares held in the Transferee Company 1**	**No. of shares held in Transferor Company**	**No. of shares held in Transferee Company 2**
1.	Mr. Sandip Somany, Director	1*	22,83,563	-
2.	Mr. Girdhari Lal Sultania, Director	1*	705	1*
3.	Mr. Niranjan Kumar Goenka, Director	1*	-	1*

(*) Shares held as nominee.

Details as on July 31, 2018				
Sl. No.	**Name of Director / KMP**	**Designation in the Transferor Company 1**	**Designation in the Transferor Company**	**Designation in Transferee Company 2**
1.	Mr. Sandip Somany	Director	Vice Chairman and Managing Director and KMP	Director
2.	Mr. Girdhari Lal Sultania	Director	Non Executive Non Independent Director	Director
3.	Mr. Niranjan Kumar Goenka	Director	General Manager (Finance)	Director

DETAILS OF TRANSFEREE COMPANY 2 AS PER RULE 6(3) OF THE RULES

35. Details of Transferee Company 2:

Brilloca Limited (Transferee Company 2)	
Corporate Identification No. (CIN)	U74999WB2017PLC223307
Permanent Account No. (PAN)	AAHCB5089L
Incorporation Date	November 2, 2017
Type of Company	Public Limited Company
Registered Office Address	2, Red Cross Place, Kolkata, West Bengal 700 001, India
Email	ngoenka@hindware.co.in
Stock Exchange(s) where securities of the Transferor Company are listed	Not applicable as the shares of Transferee Company 2 are not listed.

36. Summary of the main objects as per the memorandum of association of Transferee Company 2:

The main objects of Transferee Company 2 are set out under Clause 3(a) of its memorandum of association, which are as under:

"To import, export, produce, refine, buy, sell, process, manufacture and deal in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta. Porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and Faucets including Chromium-plated Fittings, Bath Tubs & Whirlpools, Shower Enclosures, Home Appliances, Electrical Products , Decorative Materials, and Building Chemicals and also products like fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, Hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)

To carry on any other business which may seem to the Company capable of being conveniently carried on and to deal in all kinds of goods and merchandise, machinery, apparatus and materials.

To carry on in India or elsewhere any trade business and the export and import of all kinds of produce and merchandise and also business as agents, brokers, factors, financiers, shippers, manufacturers, planters, contractors, engineers, dealers, ship owners, lighter men, carriers by land and sea, dock owners wharfingers and warehouse men.

To carry on the business of paviors of and dealers in fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, Hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta and ceramic wares and sanitary wares.

To produce, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)

To impart various kind of services including accounting, human resource, consulting, procurement etc."

37. **Main business carried on by Transferee Company 2:**

Transferee Company 2 is authorised by its memorandum of association to inter alia carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

At present, Transferee Company 2 does not carry on any business activity. On coming into effect of the Scheme, Transferee Company 2 will engage in, and carry on, the business of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Transferor Company.

38. **Details of change of name of Transferee Company 2 during the last five years:** There has been no change in the name of Transferee Company 2 since its incorporation on November 2, 2017.

39. **Details of change in registered office of Transferee Company 2 during the last five years:** There has been no change in the registered office of Transferee Company 2 since its incorporation on November 2, 2017.

40. **Details of change in objects of Transferee Company 2 during the last five years:** There has been no change in the objects of Transferee Company 2 since its incorporation on November 2, 2017.

41. **Details of the capital structure of Transferee Company 2 including authorized, issued, subscribed and paid-up share capital:**

Authorised Share Capital as on July 31, 2018	**Amount (in Rs.) (In lakhs)**
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**
Issued, Subscribed and Paid-up Share Capital as on July 31, 2018	**Amount (in Rs.) (in lakhs)**
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**

Please refer to **ANNEXURE 17** for details regarding the pre and post-arrangement, expected capital structure and shareholding pattern of each of the Companies.

42. **Names of the promoters of Transferee Company 2 as on July 31, 2018 along with their addresses:**

Sl. No.	Name of the Promoter	Address
1.	Somany Home Innovation Limited	2, Red Cross Place, Kolkata, West Bengal 700 001, India

43. **Names of the directors of Transferee Company 2 as on July 31, 2018 along with their addresses:**

Sl. No.	Name	Address
1.	Mr. Sandip Somany, Director	B-5/12, Safdarjang Enclave, New Delhi 110 029
2.	Mr. Girdhari Lal Sultania, Director	2, Rowland Road, Kolkata 700 020
3.	Mr. Niranjan Kumar Goenka, Director	Prasad Exotica, Block-VI, Flat No.2F, 2nd Floor, 71/3, Canal Circular Road, Kolkata 700 054

44. The date of the board meeting at which the Scheme was approved by the Board of Transferee Company 2 including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:

The resolution dated November 10, 2017 approving the Scheme was unanimously voted in favour by all the directors of Transferee Company 2 who were present at the said meeting. The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

Sl. No.	Name of the Directors	Votes
1.	Mr. Sandip Somany	Favour
2.	Mr. Girdhari Lal Sultania	Favour
3.	Mr. Niranjan Kumar Goenka	Leave of Absence

45. As on March 31, 2018 and also as on July 31, 2018, there are no unsecured creditors of Transferee Company 2.

46. Disclosure about effect of the Scheme on material interests of directors, key managerial personnel, debenture trustee and other stakeholders of Transferee Company 2:

S. No.	Category of Stakeholders	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company (**"New Equity Shares"**). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled and from and after such cancellation. The pre and post-Scheme shareholding of Transferee Company 2 will remain the same.
2.	Promoter	Please refer to S. No. 1 above regarding effect on the shareholders.
3.	Non-Promoter Shareholders	
4.	Key Managerial Personnel (**"KMPs"**)/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of the Transferee Company 2.
5	Creditors/ Debenture Holders	Transferee Company 2 does not have any depositors or any deposit trustee.
6	Depositors/ Deposit Trustee	Transferee Company 2 does not have any depositors or any deposit trustee.
7.	Debenture Trustee	Transferee Company 2 has not issued any debentures.
8.	Employees	Upon the Scheme becoming effective, all employees of the BPDM Undertaking shall be deemed to have become employees of Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

47. **Disclosure about the effect of the Scheme on the material interests of directors and key managerial personnel of Transferee Company 2:**

None of the "Directors" (as defined under the Act), the "Key Managerial Personnel" (as defined under the Act) of Transferee Company 2 and their respective "Relatives" (as defined under the Act) have any interests, financial or otherwise in the Scheme except to the extent of shareholding in the Companies as set out below and/or to the extent the said directors/ key managerial personnel of Transferee Company 2 are directors on the board of/ key managerial personnel of the Transferor Company and Transferee Company 1 as set out below:

Details as on July 31, 2018				
Sl. No.	**Name / Designation**	**No. of shares held in the Transferee Company 2**	**No. of shares held in Transferor Company**	**No. of shares held in Transferee Company 1**
1.	Mr. Sandip Somany, Director	-	22,83,563	1*
2.	Mr. Girdhari Lal Sultania, Director	1*	705	1*
3.	Mr. Niranjan Kumar Goenka; Director	1*	-	1*

(*) Shares held as nominee.

Details as on July 31, 2018				
Sl. No.	**Name of Director / KMP**	**Designation in the Transferor Company 2**	**Designation in the Transferor Company**	**Designation in Transferee Company 1**
1.	Mr. Sandip Somany	Director	Vice Chairman and Managing Director and KMP	Director
2.	Mr. Girdhari Lal Sultania	Director	Non Executive Non Independent Director	Director
3.	Mr. Niranjan Kumar Goenka	Director	General Manager (Finance)	Director

48. **Relationship between the Companies:** Transferee Company 1 is a wholly owned subsidiary of the Transferor Company and Transferee Company 2 is a wholly owned subsidiary of Transferee Company 1.

49. **Rationale of the Scheme and the benefits of the Scheme as perceived by the Board of Directors of the respective Companies:** Paragraph 2 of the Scheme (i.e. Rationale and benefits of the Scheme) states as under:

"2.1 The Demerged Company is a multi-business corporate which is primarily engaged in the following business activities:

*(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products, UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined hereinafter (hereinafter referred to as **"Building Products Distribution and Marketing Undertaking" or "BPDM Undertaking"**);*

*(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined hereinafter (hereinafter referred to as **"Consumer Products Distribution and Marketing Undertaking" or "CPDM Undertaking"**);*

*(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined hereinafter (hereinafter referred to as **"Retail Undertaking"**);*

*(The BPDM Undertaking, CPDM Undertaking and Retail Undertaking shall hereinafter be collectively referred to as the **"Demerged Undertakings"**.)*

*(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. (hereinafter referred to as **"Building Products Manufacturing Undertaking"** or **"BPM Undertaking"**);*

*(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as **"Consumer Products Manufacturing Undertaking"** or **"CPM Undertaking"**);*

(f) *manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures (hereinafter referred to as "**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and*

(g) *wind power generation (hereinafter referred to as "**Power Undertaking**").*

2.2 *The aforesaid businesses have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertakings and the Remaining Undertaking (defined hereinafter) have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.*

2.3 *The Scheme shall enable each of the respective Demerged Undertakings and the Remaining Undertaking (defined hereinafter) to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.*

2.4 *The implementation of this Scheme will result in:*

(a) *creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertaking (defined hereinafter);*

(b) *optimal monetisation and development of each of the respective businesses, including by attracting focussed investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;*

(c) *dedicated and specialised management focus on the specific needs of the respective businesses; and*

(d) *benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.*

2.5 *The Scheme is in the interest of all the Companies, including their respective stakeholders and creditors."*

Appointed Date, Effective Date, Record Date and Share Exchange Ratio and Other Considerations:

Paragraph 4.1(c) of Part A of the Scheme defines Appointed Date as *"means April 1, 2018 or such other date as the Hon'ble Tribunal may direct, which shall be the date from which the Scheme shall be deemed to be effective".*

Paragraph 4.1(k) of Part A of the Scheme defines Effective Date as "means the last of the dates on which all the conditions and matters referred to in Paragraph 14 in Part E of this Scheme have been fulfilled, obtained or waived, as applicable. Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall refer to the Effective Date".

Paragraph 4.1(r) of Part A of the Scheme defines Record Date as "means the date to be fixed by the Board of Directors of Demerged Company, for the purpose of determining the shareholders of the Demerged Company to whom the New Equity Shares will be issued and allotted by Resulting Company 1, pursuant to this Scheme".

Consideration for the Demergers - Share Entitlement Ratio

Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company (**"New Equity Shares"**).

Simultaneous with the Issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation.

50. Salient Features of the Scheme:

4. DEFINITIONS

*Capitalised terms used herein but not defined shall have the meaning assigned to them in the draft of the Scheme enclosed as **Annexure 1**.*

(c) *"**Appointed Date**" means April 1, 2018 or such other date as the Hon'ble Tribunal may direct, which shall be the date from which the Scheme shall be deemed to be effective;*

(d) ***"Assets"** shall include assets of every kind, nature and description and include movable property, investments, immovable property, leasehold property, freehold property, owned property, leased property, tangible or intangible assets, inventories, debtors, advances, Intellectual Property Rights, computers and accessories, software and related data, leasehold improvements, plant and machinery, offices, capital work in progress, vehicles, furniture, fixtures, office equipment, electricals, appliances and accessories;*

(g) ***"BPDM Undertaking"** means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:*

(i) *all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in **Schedule I**),*

(ii) *all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,*

(iii) *all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments; grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking,*

(iv) *taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the BPDM Undertaking,*

(v) *all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,*

(vi) *employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,*

(vii) *all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,*

(viii) *all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating* to the *BPDM Undertaking*, and

(ix) *any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking,*

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "BPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the BPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the BPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company;

(i) ***"CPDM Undertaking"*** *means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the consumer products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various consumer products like kitchen appliances, cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers, air purifiers and water purifiers, through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce etc., relating to the sale of such products of the consumer products division. Without prejudice and limitation to the generality of the above, the CPDM Undertaking means and includes, without limitation, the following:*

(i) *all Assets pertaining to or relatable to the CPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the CPDM Undertaking (including, but not limited to, the registered trademarks identified in* ***Schedule II****),*

(ii) *all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the CPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,*

(iii) *all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the CPDM Undertaking,*

(iv) *taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the CPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the CPDM Undertaking,*

(v) *all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the CPDM Undertaking,*

(vi) *employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the CPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,*

(vii) *all Liabilities, present, future and the contingent, pertaining to or relatable to the CPDM Undertaking,*

(viii) *all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the CPDM Undertaking, and*

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the CPDM Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "CPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the CPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the CPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(j) **"Demerged Company"** means HSIL Limited, a company incorporated under the Companies Act, 1956, having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India;

(k) **"Effective Date"** means the last of the dates on which all the conditions and matters referred to in Paragraph 14 in Part E of this Scheme have been fulfilled, obtained or waived, as applicable. Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall refer to the Effective Date;

(p) **"New Equity Shares"** means the fully paid-up equity shares of Rs. 2 each to be issued and allotted by Resulting Company 1 to the shareholders of the Demerged Company as of the Record Date, in accordance with Paragraph 9.29.2 in Part D of this Scheme, in consideration for the demerger of the CPDM Undertaking and Retail Undertaking into Resulting Company 1 and the BPDM Undertaking into Resulting Company 2;

(r) **"Record Date"** means the date to be fixed by the Board of Directors of Demerged Company, for the purpose of determining the shareholders of the Demerged Company to whom the New Equity Shares will be issued and allotted by Resulting Company 1, pursuant to this Scheme;

(s) **"Remaining Undertaking"** means the remaining activities, investments, Assets, business, contracts, employees and Liabilities of the Demerged Company, including the BPM Undertaking, CPM Undertaking, PPM Undertaking and Power Undertaking but excluding the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking;

(t) **"Resulting Company 1"** means Somany Home Innovation Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India, being a wholly owned subsidiary of the Demerged Company;

(u) **"Resulting Company 2"** means Brilloca Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India, being a wholly owned subsidiary of Resulting Company 1;

(v) **"Retail Undertaking"** means and includes all the activities, business, operations and undertakings of and relating to retail business undertaking of the Demerged Company, including storing, transporting, selling, distributing and trading in furniture and home décor and other products, inter alia, under the 'EVOK' trademark, through its chain of retail outlets and also includes the franchise business of the Demerged Company. Without prejudice and limitation to the generality of the above, the Retail Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the Retail Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in **Schedule III**),

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the Retail Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the Retail Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the Retail Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the Retail Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Retail Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Retail Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the Retail Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the Retail Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the Retail Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "Retail Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the Retail Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the Retail Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(x) **"Scheme"** means this Composite Scheme of Arrangement in its present form, or with any modifications, as may be approved by the Hon'ble Tribunal;"

9. CONSIDERATION FOR DEMERGER

9.2 Issuance of New Equity Shares

9.2.1 Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1; and (b) the demerger of the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, Resulting Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Demerged Company as on the Record Date, 1 equity share of Rs. 2 each of Resulting Company 1 for every 1 equity share of Rs. 2 each of the Demerged Company.

9.2.7 New Equity Shares shall be issued in dematerialised form, unless otherwise notified in writing by any shareholder of the Demerged Company on or before such date as may be determined by the Board of Directors of Resulting Company 1 or a duly authorised committee thereof. In the event that such notice has not been received by Resulting Company 1 in respect of any of the shareholders of the Demerged Company as of the Record Date, the equity shares shall be issued to such shareholders in dematerialised form provided that such shareholders shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event any shareholder has notified Resulting Company 1 as contemplated above that they desire to be issued shares in the physical form or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company 1 or if any shareholder holding shares in the physical form does not notify the account details of the depository participant for electronic credit of the shares of Resulting Company 1 as contemplated above, then Resulting Company 1 shall issue equity shares in physical form to such shareholders of the Demerged Company.

9.2.8 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date or the Effective Date, as the case may be to effectuate such a

transfer in Resulting Company 1 as if such changes in the registered holders were operative on the Record Date, in order to remove any difficulties arising to the transfer of the share in Resulting Company 1 and in relation to New Equity Shares.

9.2.9 *Equity shares to be issued by Resulting Company 1 pursuant to this Scheme, in respect of any equity shares of the Demerged Company, which are held in abeyance under the provisions of the Act or otherwise, shall pending allotment or settlement of dispute by order of Court or otherwise be held by the trustees appointed by Resulting Company 1.*

9.3 Cancellation of equity shares held by the Demerged Company in Resulting Company 1

9.3.1 *Simultaneous with the issuance of the New Equity Shares, in accordance with Paragraph 9.2 of this Scheme, the initial issued and paid up equity share capital of Resulting Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Demerged Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Demerged Company and its nominees representing the equity shares in Resulting Company 1 shall be deemed to be cancelled and from and after such cancellation.*

9.3.2 *The cancellation of the equity share capital held by the Demerged Company and its nominees in Resulting Company 1, in accordance with Paragraph 9.3.1 of this Scheme, shall be effected as a part of this Scheme itself and not under a separate procedure, in terms of Section 66 of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Companies Act, 2013, or any other applicable provisions, confirming the reduction. The consent of the shareholders of Resulting Company 1 to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the reduction under the provisions of Section 66 of the Companies Act, 2013 as well and no further compliances would be separately required.*

9.6 Listing of New Equity Shares

9.6.1 *Post effectiveness of this Scheme, the share capital of Resulting Company 1, including the New Equity Shares to be issued and allotted by Resulting Company 1 in terms of Paragraph 9.2 above shall be listed and shall be admitted for trading on the Stock Exchanges by virtue of this Scheme and in accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017. Resulting Company 1 shall make all requisite applications and shall otherwise comply with the provisions of the aforesaid circulars and Applicable Laws and take all steps to get its share capital including the New Equity Shares issued by it in pursuance to this Scheme listed on the Stock Exchanges.*

10. ACCOUNTING TREATMENT

10.1 Accounting treatment in the books of account of the Demerged Company

10.1.1 *The Board of Directors of the Demerged Company shall give effect to the Scheme in the books of account of the Demerged Company, as they deem fit, in accordance with the applicable Indian Accounting Standards and Generally Acceptable Accounting Principles.*

10.1.2 *The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of, (a) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:*

(a) *The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company.*

(b) *Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.*

(c) *Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.*

(d) *The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.*

(e) *The excess, if any, of Paragraph 10.1.2(b) and 10.1.2(c) above, over Paragraph 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.*

(f) *The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:*

(i) *Capital Reserve Account;*

(ii) *Securities Premium Account; and*

(iii) *General Reserve.*

10.1.3 *The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.*

10.2 ***Accounting treatment in the books of Resulting Company 1***

10.2.1 *Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 - 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:*

(a) *The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be reflected at their carrying amounts.*

(b) *Resulting Company 1 shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Demerged Company under Paragraph 9.2 of the Scheme.*

(c) *Resulting Company 1 shall record the Reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.*

(d) *The existing share capital of Resulting Company 1 shall be cancelled in accordance with Paragraph 9.3 of the Scheme.*

(e) *The difference, if any, from the accounting under the Paragraphs above, shall be recorded as capital reserve in the books of Resulting Company 1.*

(f) *Negative capital reserve, if any, created pursuant to Paragraphs above, shall be adjusted against the existing reserves of Resulting Company 1, in the manner as decided by its Board of Directors, in consultation with its Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.*

10.2.2 *The existing shareholding of the Demerged Company in Resulting Company 1 shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. Face value of the equity shares so cancelled, shall be credited to the capital reserve account of Resulting Company 1.*

10.2.3 *The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.*

10.2.4 *The Board of Directors of Resulting Company 1 shall give effect to the Scheme in the books of account of Resulting Company 1, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.*

10.3 ***Accounting treatment in the books of Resulting Company 2***

10.3.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall account for the demerger of the BPDM Undertaking, pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 - 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 2:

(a) The assets and liabilities of the BPDM Undertaking shall be reflected at their carrying amounts.

(b) Resulting Company 2 shall record the reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(c) The difference, if any, from the accounting under the Paragraphs 10.3.1(a) and (b) above shall be recorded as capital reserve.

(d) Negative capital reserve, if any, created pursuant to the Paragraphs 10.3.1(a) and (b) above, shall be adjusted against the existing reserves of Resulting Company 2, in the manner as decided by its Board of Directors, in consultation with the Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.3.2 The reduction, if any, under Paragraph 10.3.1(d) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.3.3 The Board of Directors of Resulting Company 2 shall give effect to the Scheme in the books of account of Resulting Company 2, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

14 Conditions for the scheme becoming effective

14.1 The demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1 and demerger of the BPDM Undertaking into Resulting Company 2 are conditional upon and subject to:

(a) the sanction for the Scheme, by the Hon'ble Tribunal, under Sections 230 to 232 and Section 66 of the Companies Act, 2013, being obtained; and

(b) a certified copy of the order of the Hon'ble Tribunal sanctioning the Scheme being filed with the Registrar of Companies, Kolkata, by each of the Companies.

14.2 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety, unless specifically agreed otherwise by the Board of Directors of the Demerged Company.

THE FEATURES SET OUT ABOVE BEING ONLY THE SALIENT FEATURES OF THE SCHEME, THE SECURED CREDITORS ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME (ANNEXED HEREWITH) TO GET FULLY ACQUAINTED WITH THE PROVISIONS THEREOF AND THE RATIONALE OF THE SCHEME.

51. Summary of the Valuation Report including basis of valuation and the Fairness Opinion:

The Valuation Report, dated November 8, 2017, issued by Santosh K Singh & Co., Chartered Accountants, recommends that the share entitlement ratio for the (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, should be 1 equity share of Rs. 2 each of Transferee Company 1 issued for every 1 equity share of Rs. 2 each of the Transferor Company. The revised Valuation Report dated December 11, 2017, issued by Santosh K Singh & Co., Chartered Accountants, in compliance with the format prescribed by the BSE Limited also recommends the same share entitlement ratio as the Valuation Report dated November 8, 2017.

The fairness opinion dated November 9, 2017 issued by Finshore Management Services Limited, a SEBI registered merchant banker (**"Fairness Opinion"**) has been issued in respect of the Valuation Report wherein it has been stated that the proposed share entitlement ratio as recommended by the valuers, which forms the basis of the proposed demergers, is fair.

Please refer to the Valuation Reports and the Fairness Opinion that are enclosed as **ANNEXURE 3** and **ANNEXURE 4**, respectively.

52. **Details of capital or debt restructuring, if any:** There shall be no reclassification/ reorganization of the authorized share capital of any of the Companies or debt restructuring of any of the Companies pursuant to the Scheme.

53. **Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed Scheme:**

(a) The equity shares of the Transferor Company are listed on BSE Limited (**"BSE"**) and the National Stock Exchange of India Limited (**"NSE"**) (collectively, the **"Stock Exchanges"**). The NSE was appointed as the designated stock exchange by the Transferor Company for the purpose of coordinating with SEBI, pursuant to the Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time, issued by SEBI (**"SEBI Circular"**). The Transferor Company has received an observation letter dated April 23, 2018 from NSE and an observation letter dated April 24, 2018 from BSE wherein the Stock Exchanges have granted their no objection to filing the Scheme with the Tribunal. The said observation letters issued by the NSE and the BSE are enclosed as **ANNEXURE 7** and **ANNEXURE 8**, respectively.

(b) As required by the SEBI Circular, the Transferor Company has filed its Complaint Report with NSE and BSE, on January 5, 2018 and January 24, 2018 respectively. The Complaint Report filed by the Transferor Company indicates that it has received 'nil' complaints. A copy of the Complaint Reports is enclosed as **ANNEXURE 5** and **ANNEXURE 6** respectively.

(c) The Scheme was filed by the Companies with the Tribunal, on June 4, 2018. Consequently, the Hon'ble Kolkata Bench of the Tribunal vide order dated August 2, 2018, has directed, inter alia, the convening of the Meeting.

54. No investigation or proceedings have been instituted or are pending in relation to any of the Companies under the Act.

55. The Companies have filed a copy of the Scheme with the Registrar of Companies pursuant to Section 232(2)(b) of the Act.

56. **Inspection of Documents:** Copies of the following documents will be open for inspection to the secured creditors of the Transferor Company at its registered office at 2, Red Cross Place, Kolkata - 700001 on all days except Saturday, Sunday and public holidays between 3:00 pm and 5:00 pm up to the date of the Meeting:

(a) Order dated August 2, 2018 and as amended on August 16, 2018 by the Hon'ble Kolkata Bench of the Tribunal in Company Application (CAA) No. 649/KB/2018, directing inter alia, the convening of the Meeting;

(b) Scheme, as filed before the Hon'ble Tribunal;

(c) Valuation Report dated November 8, 2017 and revised valuation report dated December 11, 2017 (in accordance with the format prescribed by BSE Limited), issued by Santosh K Singh & Co., Chartered Accountants.

(d) Fairness Opinion dated November 9, 2017 issued by Finshore Management Services Limited, a merchant banker registered with SEBI.

(e) Complaints report submitted by the Transferor Company to the NSE on January 5, 2018;

(f) Complaints report submitted by the Transferor Company to BSE on January 24, 2018;

(g) Observation letter dated April 23, 2018 issued by the NSE to the Transferor Company;

(h) Observation letter dated April 24, 2018 issued by BSE to the Transferor Company;

(i) Certificate of incorporation dated February 8, 1960, the certificate for commencement of business dated February 26, 1960 and the fresh certificate of incorporation consequent upon change of name along with copies of the memorandum of association and articles of association of the Transferor Company;

(j) Certificate of incorporation dated September 28, 2017 along with copies of the memorandum of association and articles of association of Transferee Company 1;

(k) Certificate of incorporation dated November 2, 2017 along with copies of the memorandum of association and articles of association of Transferee Company 2;

(l) Certificate dated November 10, 2017 issued by Lodha & Co. Chartered Accountants, the statutory auditor of the Transferor Company in terms of the proviso to Section 230(7)/ 232(3) of the Act, certifying that the accounting

treatment provided for in the Scheme is in conformity with the accounting standards specified under Section 133 of the Act;

(m) Certificate dated November 10, 2017 issued by Lodha & Co. Chartered Accountants, the statutory auditor of Transferee Company 1 in terms of the proviso to Section 230(7)/232(3) of the Act, certifying that the accounting treatment provided for in the Scheme is in conformity with the accounting standards specified under Section 133 of the Act;

(n) Certificate dated November 10, 2017 issued by Lodha & Co. Chartered Accountants, the statutory auditor of Transferee Company 2 in terms of the proviso to Section 230(7)/ 232(3) of the Act, certifying that the accounting treatment provided for in the Scheme is in conformity with the accounting standards specified under Section 133 of the Act;

(o) Annual reports of the Transferor Company for the last three financial years ended March 31, 2018, March 31, 2017 and March 31, 2016;

(p) Audited financial statements for the period ended March 31, 2018 of Transferee Company 1 and Transferee Company 2;

(q) Extracts of the resolutions dated November 10, 2017 passed by the Boards' of the Transferor Company, Transferee Company 1 and Transferee Company 2, inter alia, approving the Scheme and the filing thereof with the Tribunal;

(r) Report of the Audit Committee of the Transferor Company dated November 10, 2017 recommending the Scheme to the Board of the Transferor Company;

(s) Reports adopted by the respective Boards' of each of the Companies pursuant to Section 232(2)(c) of the Act;

(t) Other documents displayed on the websites of the Stock Exchanges and the Transferor Company in terms of the SEBI Circular;

(u) Abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 specifying applicable information of Transferee Company 1, as filed with the Stock Exchanges;

(v) Abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 specifying applicable information of Transferee Company 2, as filed with the Stock Exchanges;

(w) any other contracts or agreements material to the Scheme; and

(x) Copies of the paper books filed in Company Application (CAA) No. 649/KB/2018.

Dated this 17th day of August, 2018.

For HSIL Limited

Sd/-
Somen Bose
(Chairperson appointed for the meeting)

Registered Office: 2, Red Cross Place, Kolkata - 700001.
CIN: L51433WB1960PLC024539.
Email: hsilinvestors@hindware.co.in

Annexure - 1

COMPOSITE SCHEME OF ARRANGEMENT

UNDER SECTIONS 230 TO 232, READ WITH SECTION 66 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

AMONGST

HSIL LIMITED
(The Demerged Company)

AND

SOMANY HOME INNOVATION LIMITED
(Resulting Company 1)

AND

BRILLOCA LIMITED
(Resulting Company 2)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PREAMBLE

1. BACKGROUND AND DESCRIPTION OF THE COMPANIES WHO ARE PARTIES TO THE SCHEME

1.1 Details of the Demerged Company

1.1.1 HSIL Limited, the Demerged Company, is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of the Demerged Company is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. The Demerged Company was incorporated on February 8, 1960, under the name 'Hindusthan Twyfords Limited'. Subsequently, the name of the Demerged Company was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969, and the Demerged Company obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of the Demerged Company. The Corporate Identity Number of the Demerged Company is L51033WB1960PLC024539. The equity shares of the Demerged Company are listed on the Stock Exchanges (defined hereinafter).

1.1.2 The Demerged Company is authorized to conduct, and is *inter alia* engaged in, the business of manufacturing, preparing, buying, selling, importing, exporting, trading and otherwise dealing in all kinds of building products (sanitaryware, faucets, tiles, other lifestyle products, UPVC and CPVC pipes, fittings, etc.), consumer products, glass packaging products, plastic packaging material, security caps and closures, wind power generation and retail business for home interior solutions.

1.2 Details of Resulting Company 1

1.2.1 Somany Home Innovation Limited, Resulting Company 1, was incorporated on September 28, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 1 is U74999WB2017PLC222970. The registered office of Resulting Company 1 is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. Resulting Company 1 is a wholly owned subsidiary of the Demerged Company.

1.2.2 Resulting Company 1 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

1.3 Details of Resulting Company 2

1.3.1 Drilloco Limited, Resulting Company 2, was incorporated on November 2, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting

Company 2 is U74999WB2017PLC223307. The registered office of Resulting Company 2 is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. Resulting Company 2 is a wholly owned subsidiary of Resulting Company 1.

1.3.2 Resulting Company 2 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

1.4 This Composite Scheme of Arrangement ("**Scheme**") is presented pursuant to the provisions of Sections 230 to 232, Section 66 and other applicable provisions of the Companies Act, 2013, read with Section 2(19AA), Section 2(41A) and other relevant provisions of the IT Act (defined hereinafter), as applicable, for:

(i) Demerger of the CPDM Undertaking (defined hereinafter) and the Retail Undertaking (defined hereinafter) from the Demerged Company and transfer and vesting of each of them, as a going concern, to Resulting Company 1; and

(ii) Demerger of the BPDM Undertaking (defined hereinafter) from the Demerged Company and transfer and vesting of the same, as a going concern, to Resulting Company 2.

1.5 After the Scheme becomes effective, the listing of the entire share capital of Resulting Company 1, including the New Equity Shares (defined hereinafter) issued by Resulting Company 1, as consideration, in terms of Part D of this Scheme, to the shareholders of the Demerged Company, with the Stock Exchanges (defined hereinafter) shall be undertaken.

1.6 Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

2. RATIONALE FOR THE SCHEME

2.1 The Demerged Company is a multi-business corporate which is primarily engaged in the following business activities:

(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products, UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined hereinafter (hereinafter referred to as "**Building Products Distribution and Marketing Undertaking**" or "**BPDM Undertaking**");

(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined hereinafter (hereinafter referred to as "**Consumer Products Distribution and Marketing Undertaking**" or "**CPDM Undertaking**");

(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined hereinafter (hereinafter referred to as "**Retail Undertaking**");

(The BPDM Undertaking, CPDM Undertaking and Retail Undertaking shall hereinafter be collectively referred to as the "**Demerged Undertakings**".)

(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. (hereinafter referred to as "**Building Products Manufacturing Undertaking**" or "**BPM Undertaking**");

(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**");

(f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures (hereinafter referred to as "**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and

(g) wind power generation (hereinafter referred to as "**Power Undertaking**").

2.2 The aforesaid businesses have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertakings and the Remaining Undertaking (defined hereinafter) have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

2.3 The Scheme shall enable each of the respective Demerged Undertakings and the Remaining Undertaking (defined hereinafter) to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

2.4 The implementation of this Scheme will result in:

(a) creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertaking (defined hereinafter);

(b) optimal monetisation and development of each of the respective businesses, including by attracting focussed investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;

(c) dedicated and specialised management focus on the specific needs of the respective businesses; and

(d) benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.

2.5 The Scheme is in the interest of all the Companies, including their respective stakeholders and creditors.

3. **PARTS OF THIS SCHEME**

The Scheme is divided into the following parts:

(a) **PART A** deals *inter alia* with definitions and interpretation, compliance with tax laws and capital structure of the Companies.

(b) **PART B** deals with demerger and vesting of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1.

(c) **PART C** deals with demerger and vesting of the BPDM Undertaking into Resulting Company 2.

(d) **PART D** deals with the consideration for demerger of the CPDM Undertaking, the Retail Undertaking and BPDM Undertaking and the respective accounting treatment(s).

(e) **PART E** deals with general terms and conditions that are applicable to this Scheme.



PART A

4. **DEFINITIONS**

4.1 In this Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

(a) "**Act**" means the Companies Act, 2013 and rules made thereunder (to the extent applicable) and Companies Act, 1956 (to the extent corresponding provisions of Companies Act, 2013 have not been notified) and the rules made thereunder, and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;

(b) "**Applicable Law**" means any statute, notification, by-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, schemes, notices, orders or instructions enacted or issued or sanctioned by any appropriate authority, including any modification or re-enactment thereof for the time being in force;

(c) "**Appointed Date**" means April 1, 2018 or such other date as the Hon'ble Tribunal may direct, which shall be the date from which the Scheme shall be deemed to be effective;

(d) "**Assets**" shall include assets of every kind, nature and description and include movable property, investments, immovable property, leasehold property, freehold property, owned property, leased property, tangible or intangible assets, inventories, debtors, advances, Intellectual Property Rights, computers and accessories, software and related data, leasehold improvements, plant and machinery, offices, capital work in progress, vehicles, furniture, fixtures, office equipment, electricals, appliances and accessories;

(e) "**Board of Directors**" in relation to the Demerged Company and/ or Resulting Company 1 and/or Resulting Company 2, as the case may be, means their respective board of directors and shall, unless repugnant to the context or otherwise, include a committee of directors or any person authorised by such board of directors or such committee of directors;

(f) "**Book Value(s)**" means the value(s) of the Assets and Liabilities of each of the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking, as applicable, as appearing in the books of account of the Demerged Company at the close of business as on the day immediately preceding the Appointed Date and excluding any value arising out of revaluation of any Assets;

(g) "**BPDM Undertaking**" means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I),

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the BPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the BPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "BPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the BPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the BPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company;

(h) "**Companies**" means the Demerged Company, Resulting Company 1 and Resulting Company 2;

(i) "**CPDM Undertaking**" means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the consumer products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various consumer products like kitchen appliances, cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers, air purifiers and water purifiers, through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce etc., relating to the sale of such products of the consumer products division. Without prejudice and limitation to the generality of the above, the CPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the CPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the CPDM Undertaking (including, but not limited to, the registered trademarks identified in **Schedule II**).

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the CPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the CPDM Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the CPDM Undertaking, cash balances, bank accounts and bank

balances, in connection with or relating to the CPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the CPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the CPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the CPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the CPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the CPDM Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "CPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the CPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the CPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(j) **"Demerged Company"** means **UISL** Limited, a company incorporated under the Companies Act, 1956, having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India;

(k) **"Effective Date"** means the last of the dates on which all the conditions and matters referred to in Paragraph 14 in Part E of this Scheme have been fulfilled, obtained or waived, as applicable. Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall refer to the Effective Date;

(l) **"Hon'ble Tribunal"** means the Kolkata Bench of the National Company Law Tribunal;

(m) **"Intellectual Property Rights"** means, whether registered in the name of or recognized under Applicable Law as being the intellectual property of the Demerged Company, or in

the nature of common law rights of the Demerged Company, all domestic and foreign, (a) trademarks, service marks, brand names, internet domain names, websites, online web portals, trade names, logos, trade dress, and all applications and registration for the foregoing, and all goodwill associated with the foregoing and symbolized by the foregoing; (b) confidential and proprietary information and trade secrets; (c) published and unpublished works of authorship, and copyrights therein, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; (d) computer software and programs (including source code, object code, firmware, operating systems and specifications); (e) designs, drawings, sketches; (f) databases, customer data, proprietary information, knowledge, technology, licenses, software licenses and formulas; (g) all other intellectual property or proprietary rights; and (h) all rights in all of the foregoing provided by Applicable Law;

(n) "**IT Act**" means the Income-tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;

(o) "**Liability(ies)**" means liabilities of every kind, nature and description, whether present or future and includes contingent liabilities, secured loans, unsecured loans, borrowings, statutory liabilities (including those under taxation laws, including goods and services tax (GST) and stamp duty laws), contractual liabilities, duties, obligations, guarantees and those arising out of proceedings of any nature;

(p) "**New Equity Shares**" means the fully paid-up equity shares of Rs. 2 each to be issued and allotted by Resulting Company 1 to the shareholders of the Demerged Company as of the Record Date, in accordance with Paragraph 9.2 in Part D of this Scheme, in consideration for the demerger of the CPDM Undertaking and Retail Undertaking into Resulting Company 1 and the BPDM Undertaking into Resulting Company 2;

(q) "**RBI**" means the Reserve Bank of India, established under Section 3 of the Reserve Bank of India Act, 1934;

(r) "**Record Date**" means the date to be fixed by the Board of Directors of Demerged Company, for the purpose of determining the shareholders of the Demerged Company to whom the New Equity Shares will be issued and allotted by Resulting Company 1, pursuant to this Scheme;

(s) "**Remaining Undertaking**" means the remaining activities, investments, Assets, business, contracts, employees and Liabilities of the Demerged Company, including the BPM Undertaking, CPM Undertaking, PPM Undertaking and Power Undertaking but excluding the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking;

(t) "**Resulting Company 1**" means Somany Home Innovation Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India, being a wholly owned subsidiary of the Demerged Company;

(u) "**Resulting Company 2**" means Brilloca Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India, being a wholly owned subsidiary of Resulting Company 1;

(v) "**Retail Undertaking**" means and includes all the activities, business, operations and

undertakings of and relating to retail business undertaking of the Demerged Company, including storing, transporting, selling, distributing and trading in furniture and home décor and other products, *inter alia*, under the 'EVOK' trademark, through its chain of retail outlets and also includes the franchise business of the Demerged Company. Without prejudice and limitation to the generality of the above, the Retail Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the Retail Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in **Schedule III**).

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the Retail Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the Retail Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the Retail Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the Retail Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Retail Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Retail Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the

Retail Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the Retail Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the Retail Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "Retail Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the Retail Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the Retail Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(w) "**Rs.**" means rupees, being the lawful currency of the Republic of India;

(x) "**Scheme**" means this Composite Scheme of Arrangement in its present form or with any modifications, as may be approved by the Hon'ble Tribunal;

(y) "**SEBI**" means the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992; and

(z) "**Stock Exchanges**" means collectively BSE Limited and the National Stock Exchange of India Limited.

4.2 The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the Regulations made thereunder), the Depositories Act, 1996, the IT Act and other Applicable Laws, as the case may be.

5. COMPLIANCE WITH TAX LAWS

5.1 The demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1 and the BPDM Undertaking into Resulting Company 2 shall comply with the provisions of Section 2(19AA) read with section 2(41A) of the IT Act.

5.2 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA), and other relevant sections, of the IT Act. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the

Demerged Company, which power can be exercised at any time and shall be exercised in the best interests of the Companies and their shareholders.

6. CAPITAL STRUCTURE

6.1 Demerged Company

The authorised, issued, subscribed and paid-up share capital of the Demerged Company, as on October 31, 2017 is as under:

A. Authorised Share Capital	Amount (in Rs.) (in lakhs)
11,12,50,000 Equity Shares of Rs. 2 each	2225.00
Total	**2225.00**

B. Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.)
7,22,96,395 Equity Shares of Rs. 2 each	1445.93
Add: Forfeited Share Capital	0.04
Total	**1445.97**

6.2 Resulting Company 1

The authorised, issued, subscribed and paid-up share capital of Resulting Company 1, as on October 31, 2017 is as under:

A. Authorised Share Capital	Amount (in Rs.) (in lakhs)
50,00,000 Equity Shares of Rs. 2 each	100.00
Total	**100.00**

B. Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.) (in lakhs)
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**

6.3 **Resulting Company 2**

The authorised, issued, subscribed and paid-up share capital of Resulting Company 2, as on November 2, 2017, is as under:

A. Authorised Share Capital	Amount (in Rs.) (in lakhs)
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**

B. Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.) (in lakhs)
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**



PART B

7. DEMERGER OF CPDM UNDERTAKING AND RETAIL UNDERTAKING INTO RESULTING COMPANY 1

7.1 Transfer and vesting of the CPDM Undertaking and the Retail Undertaking

7.1.1 Upon this Scheme becoming effective and with effect from the Appointed Date, the CPDM Undertaking and the Retail Undertaking of the Demerged Company shall stand demerged and transferred and be vested in Resulting Company 1, each on a going concern basis, without any further act or deed, so as to become as and from the Appointed Date, the undertakings of Resulting Company 1, and to vest in Resulting Company 1, all the rights, title, interest or obligations of the CPDM Undertaking and the Retail Undertaking therein, in the manner described hereunder.

7.1.2 **Transfer of Assets**

(a) Upon this Scheme becoming effective and with effect from the Appointed Date, any and all Assets relating to each of the CPDM Undertaking and the Retail Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by delivery instructions in relation to dematerialised shares or transfer by vesting and recordal pursuant to this Scheme, shall stand transferred to and vested in Resulting Company 1 and shall become the property and an integral part of Resulting Company 1. The vesting pursuant to this sub-Paragraph (a) shall be deemed to have occurred by manual delivery or endorsement and delivery or by delivery instructions in relation to dematerialised shares or by vesting, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

(b) Upon this Scheme becoming effective and with effect from the Appointed Date, any and all movable Assets of the Demerged Company relating to each of the CPDM Undertaking and the Retail Undertaking, other than those specified above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons shall without any further act, instrument or deed become the property of Resulting Company 1.

(c) Upon this Scheme becoming effective and with effect from the Appointed Date, all immovable properties (including land together with the buildings and structures standing thereon) of the Demerged Company relating to each of the CPDM Undertaking and the Retail Undertaking, whether freehold or leasehold, as the case may be, and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Resulting Company 1, subject to Applicable Law, without any act or deed required by the Demerged Company and Resulting Company 1. Upon this Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes, as applicable, and fulfill all obligations, in relation to or applicable to such immovable properties.

(d) Upon this Scheme becoming effective and with effect from the Appointed Date, the Intellectual Property Rights of the Demerged Company relating to each of the CPDM Undertaking (including, but not limited to, the registered trademarks identified in

Schedule II) and the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in Schedule III) shall, without further act or deed, stand transferred and vested in Resulting Company 1. This Scheme shall serve as a requisite consent for use and transfer of such Intellectual Property Rights without requiring the execution of any further deed or document as to transfer of the said Intellectual Property Rights in favour of Resulting Company 1. Upon the Scheme becoming effective, and to the extent required by the Demerged Company and Resulting Company 2, Resulting Company 1 may grant to them the right to use the trademarks being transferred to it pursuant to this Scheme by way of license, on such terms and conditions as may be mutually agreed between the relevant parties.

(e) Upon this Scheme becoming effective and with effect from the Appointed Date, the Demerged Company agrees to execute and deliver, at the request of Resulting Company 1, all papers and instruments required in respect of all Intellectual Property Rights, to vest such rights, title and interest in the name of Resulting Company 1 and in order to update the records of the respective registries to reflect the name and address of Resulting Company 1 as the current owner of the Intellectual Property Rights.

(f) In relation to Assets belonging to each of the CPDM Undertaking and the Retail Undertaking, which require separate documents for vesting in Resulting Company 1, or which the Demerged Company and/ or Resulting Company 1 otherwise desire to be vested separately, the Demerged Company and Resulting Company 1 will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.

(g) All Assets acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the CPDM Undertaking and/or the Retail Undertaking shall be deemed to have been acquired for and on behalf of Resulting Company 1 and shall also stand transferred to and vested in Resulting Company 1, with effect from the Effective Date.

(h) It is hereby clarified that if any Assets in relation to either the CPDM Undertaking or the Retail Undertaking which the Demerged Company owns, cannot be transferred to Resulting Company 1 for any reason whatsoever, the Demerged Company shall hold such Asset in trust for the benefit of Resulting Company 1.

(i) Upon this Scheme becoming effective, the past track record of the Demerged Company relating to each of the CPDM Undertaking or the Retail Undertaking, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be the track record of Resulting Company 1 for all commercial and regulatory purposes, including for the purposes of eligibility, standing, evaluation and participation of Resulting Company 1 in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

7.1.3 **Transfer of Liabilities**

(a) Upon this Scheme becoming effective and with effect from the Appointed Date, all Liabilities of every kind, nature and description relating to each of the CPDM Undertaking and the Retail Undertaking shall, without any further act or deed, be transferred to, or be deemed to be transferred to Resulting Company 1 so as to become, from the Appointed Date, the Liabilities of Resulting Company 1 and Resulting Company 1 undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain



the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen, in order to give effect to the provisions of this sub-Paragraph.

(b) Where any of the Liabilities and obligations pertaining to the CPDM Undertaking and/or the Retail Undertaking on the Appointed Date, has been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of Resulting Company 1.

(c) All loans raised and used, and Liabilities incurred, if any, by the Demerged Company after the Appointed Date, but prior to the Effective Date, for the CPDM Undertaking and/or the Retail Undertaking shall be deemed to be transferred to, and discharged by Resulting Company 1 without any further act or deed.

(d) Upon the Scheme becoming effective, the secured creditors of the Demerged Company, relating to the Remaining Undertaking shall not be entitled to security over properties, Assets, rights, benefits and interest of Resulting Company 1.

(e) The vesting of the CPDM Undertaking and the Retail Undertaking as aforesaid shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the CPDM Undertaking and/or the Retail Undertaking, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the Assets of the CPDM Undertaking and/or the Retail Undertaking have been or are offered or agreed to be offered as securities for any financial assistance or obligations, shall be construed as a reference to only the Assets pertaining to the CPDM Undertaking and/or the Retail Undertaking, as applicable, as are vested in Resulting Company 1 as per this Scheme, to the end and intent that any such security, charge, hypothecation and mortgage shall not extend or be deemed to extend to any of the other Assets of the Demerged Company or any of the Assets of Resulting Company 1. Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the Assets, or any part thereof, of Resulting Company 1 shall continue with respect to such Asset, or part thereof, and this Scheme shall not operate to enlarge such securities, charges, hypothecation and mortgages.

(f) The provisions of Paragraph 7.1.3(e) above shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions. For avoidance of doubt the provisions of Paragraph 7.1.3(e) above shall not be construed as limiting the operation of Part E of this Scheme.

(g) Upon this Scheme becoming effective, the borrowing limits of Resulting Company 1 shall, without any further act or deed, stand enhanced by an amount being the aggregate of the Liabilities pertaining to the CPDM Undertaking and the Retail Undertaking which are being transferred to Resulting Company 1 pursuant to this Scheme and Resulting Company 1 shall not be required to pass any separate resolution in this regard.

7.1.4 **Contracts, Deeds, Bonds and Other Instruments**

(a) Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, agreements entered into with various persons including independent consultants, subsidiaries/ associate companies and other shareholders of such subsidiaries/ associate companies, arrangements and other instruments of whatsoever nature in relation to each of the CPDM Undertaking and the Retail Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of Resulting Company 1 and may be enforced as fully and effectually as if, instead of the Demerged Company, Resulting Company 1 had been a party or beneficiary or obligee thereto or thereunder.

(b) Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the CPDM Undertaking and the Retail Undertaking with Resulting Company 1 occurs by virtue of this Scheme itself, Resulting Company 1 may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above. Resulting Company 1 shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

(c) Without prejudice to the generality of the foregoing, it is clarified that upon this Scheme becoming effective and with effect from the Appointed Date, all consents, agreements, permissions, all statutory or regulatory licences, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to each of the CPDM Undertaking and the Retail Undertaking shall stand transferred to Resulting Company 1 as if the same were originally given by, issued to or executed in favour of Resulting Company 1, and Resulting Company 1 shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to Resulting Company 1. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority, or by any other person, or availed by the Demerged Company in relation to each of the CPDM Undertaking and the Retail Undertaking are concerned, the same shall vest with and be available to Resulting Company 1 on the same terms and conditions as applicable to the Demerged Company, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Resulting Company 1.

(d) The Demerged Company has set up a trust, by the name of "HSIL Corporate Social Responsibility Foundation", for the purpose of fulfilling its corporate social responsibility under the Companies Act, 2013, either singly or along with its subsidiary companies or along with any other company or holding or subsidiary company of such other company. Subject to provisions of the Companies Act, 2013, it is proposed that the HSIL Corporate Social Responsibility Foundation be restructured to permit Resulting Company 1 to utilize the same for fulfilling its corporate social responsibility under the Companies Act, 2013 as

well.

(e) It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the CPDM Undertaking and/or the Retail Undertaking to which the Demerged Company is a party, cannot be transferred to Resulting Company 1 for any reason whatsoever, the Demerged Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resulting Company 1.

(f) Upon this Scheme becoming effective, all the resolutions, if any, of the Demerged Company which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as the resolutions of Resulting Company 1, to the extent such resolutions pertain to the CPDM Undertaking and/or the Retail Undertaking, and, if any such resolutions have an upper monetary or any other limits imposed under the provisions of the Act, then the said limits shall apply *mutatis mutandis* to such resolutions and shall constitute the aggregate of the said limits in Resulting Company 1.

7.1.5 **Employees**

(a) Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Resulting Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Demerged Company, on the Effective Date. The services of such employees with the Demerged Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits

(b) With regard to provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of such employees of the CPDM Undertaking and the Retail Undertaking, Resulting Company 1 shall, upon this Scheme becoming effective, stand substituted for the Demerged Company for all purposes whatsoever, including with regard to the obligation to make contributions to the said funds and schemes, in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents.

(c) The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Demerged Company for such employees of the CPDM Undertaking and the Retail Undertaking shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by Resulting Company 1 without any separate act or deed/ approval. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by Resulting Company 1 to the existing funds maintained by the Demerged Company.

(d) If any of the employees of the Demerged Company being transferred to Resulting Company 1 as part of this Scheme are covered under any directors and officers liability insurance policy ("**D&O Insurance**") taken by the Demerged Company as on the Effective Date, then, irrespective of their transfer to Resulting Company 1, such employees shall continue to be covered by such D&O Insurance, for the remainder of the term of the

insurance policy, and the Demerged Company and/or Resulting Company 1, as the case may be, shall execute all documents as may be required, including with the insurance company(ies), to give effect to this sub-Paragraph (d).

(e) The Demerged Company, pursuant to a notification in the Official Gazette dated October 22, 1968, issued by the Secretary to the Government, Haryana, Labour and employment departments, in exercise of the powers conferred under Paragraph 27-A of the Employees' Provident Funds Scheme, 1952, has been granted an exemption from the operations of the Employees' Provident Funds Scheme, 1952 and currently deposits the provident fund collections of certain employees into the fund, "Somany Provident Fund Institution". Subject to receipt of appropriate regulatory approvals, it is proposed that the Somany Provident Fund Institution may be restructured to permit Resulting Company 1 to utilize the same for depositing the provident fund collections of its employees as well.

(f) The Demerged Company has set up a fund, by the name of "H S I Employees' Gratuity Fund", to meet the gratuity obligations of the Demerged Company towards its eligible employees. Subject to receipt of appropriate regulatory approvals, it is proposed that the H S I Employees' Gratuity Fund may be restructured to permit Resulting Company 1 to utilize the same for its gratuity obligations towards its employees as well.

7.1.6 **Continuation of Legal Proceedings**

(a) From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the CPDM Undertaking and/or the Retail Undertaking (**"Demerged Undertaking Proceedings"**) shall be continued and enforced by or against Resulting Company 1 after the Effective Date, to the extent legally permissible. To the extent such Demerged Undertaking Proceedings cannot be taken over by Resulting Company 1, such proceedings shall be pursued by the Demerged Company as per the instructions of and entirely at the costs and expenses of Resulting Company 1.

(b) If the Demerged Undertaking Proceedings are taken against the Demerged Company in respect of the matters referred to in Paragraph 7.1.6(a) above, it shall defend the same in accordance with the advice of Resulting Company 1 and at the cost of Resulting Company 1, and the latter shall reimburse and indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

(c) If any Demerged Undertaking Proceedings is pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against Resulting Company 1 in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.

(d) In the event of any difference or difficulty on whether any specific legal or other proceedings relates to the CPDM Undertaking or the Retail Undertaking or not, the decision of the Board of Directors of the Demerged Company in this regard shall be conclusive and binding on the Demerged Company and Resulting Company 1.

7.1.7 **Treatment of taxes**

(a) With effect from the Appointed Date and upon the Scheme becoming effective, all taxes and duties payable by the Demerged Company, accruing and relating to the operations of the CPDM Undertaking and/or the Retail Undertaking from the Appointed Date onwards, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims, as the case may be, of Resulting Company 1.

(b) Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including MAT credit), Cenvat, customs, VAT, sales tax, service tax, goods and services tax (GST), etc. relating to the CPDM Undertaking and/or the Retail Undertaking to which the Demerged Company is entitled to shall be available to and vest in Resulting Company 1, without any further act or deed.

(c) Upon this Scheme becoming effective, the Demerged Company and Resulting Company 1 are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, service tax returns, goods and services tax (GST) returns and other tax returns for the period commencing on and from the Appointed Date, and to claim refunds/ credits, pursuant to the provisions of this Scheme.

(d) The Board of Directors of the Demerged Company shall be empowered to determine if any specific tax liability or any tax proceeding relates to the CPDM Undertaking and/or the Retail Undertaking and whether the same would be transferred to Resulting Company 1.

(e) Upon this Scheme becoming effective, any tax deposited, certificates issued or returns filed by the Demerged Company relating to the CPDM Undertaking and/or the Retail Undertaking shall continue to hold good as if such amounts were deposited, certificates were issued and returns were filed by Resulting Company 1.

(f) All the expenses incurred by the Demerged Company and Resulting Company 1 in relation to the demerger of the CPDM Undertaking and the Retail Undertaking, as per Part B of this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Demerged Company and Resulting Company 1 in accordance with Section 35DD of the IT Act over a period of 5 years beginning with the previous year in which this Scheme becomes effective.

7.1.8 **Saving of concluded transactions**.

The transfer of Assets and Liabilities to, and the continuance of proceedings by, or against, Resulting Company 1 as envisaged in Part B above shall not affect any transaction or proceedings already concluded by the Demerged Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that Resulting Company 1 accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.

7.1.9 **Conduct of Business**

(a) With effect from the Appointed Date and up to and including the Effective Date:

(i) The Demerged Company undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and Assets of each of the CPDM Undertaking and the Retail Undertaking, for and on account of and in trust for Resulting Company 1;

(ii) All profits accruing to the Demerged Company and all taxes thereon or losses arising or incurred by it with respect to each of the CPDM Undertaking and the Retail Undertaking shall, for all purposes, be treated as and deemed to be the profits, taxes or losses, as the case may be, of Resulting Company 1;

(iii) the Demerged Company shall carry on the business of each of the CPDM Undertaking and the Retail Undertaking with reasonable diligence and business prudence and in the same manner as it had been doing hitherto and shall be entitled to take all decisions in relation to the CPDM Undertaking and the Retail Undertaking, as may be required; and

(iv) except with the consent of the Board of Directors of the Demerged Company and Resulting Company 1, Resulting Company 1 shall not make any change in its capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner effect the reorganisation of capital of Resulting Company 1.

(b) Resulting Company 1 shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which Resulting Company 1 may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any Applicable Law for time being in force for carrying on business of the CPDM Undertaking and the Retail Undertaking.

7.1.10 **Amendment to Articles of Association of Resulting Company 1**

(a) Upon coming into effect of the Scheme, the articles of association of the Demerged Company as at the Effective Date, shall *mutatis mutandis* become applicable to Resulting Company 1, without the requirement to do any further act or thing.

(b) The abovementioned change, being an integral part of the Scheme, it is hereby provided that the said revision to the articles of association of Resulting Company 1 shall be effective by virtue of the fact that the shareholders of Resulting Company 1, while approving the Scheme as a whole, have also resolved and accorded the relevant consent as required respectively under the applicable provisions of the Act and shall not be required to pass any separate resolution(s).



PART C

8. DEMERGER OF THE BPDM UNDERTAKING INTO RESULTING COMPANY 2

8.1 Transfer and vesting of the BPDM Undertaking

8.1.1 Upon this Scheme becoming effective and with effect from the Appointed Date, the BPDM Undertaking of the Demerged Company shall stand demerged and transferred and be vested in Resulting Company 2, on a going concern basis, without any further act or deed, so as to become as and from the Appointed Date, the undertaking of Resulting Company 2, and to vest in Resulting Company 2, all the rights, title, interest or obligations of the BPDM Undertaking therein, in the manner described hereunder.

8.1.2 **Transfer of Assets**

(a) Upon this Scheme becoming effective and with effect from the Appointed Date, any and all Assets relating to the BPDM Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by delivery instructions in relation to dematerialised shares or transfer by vesting and recordal pursuant to this Scheme, shall stand transferred to and vested in Resulting Company 2 and shall become the property and an integral part of Resulting Company 2. The vesting pursuant to this sub- Paragraph (a) shall be deemed to have occurred by manual delivery or endorsement and delivery or by delivery instructions in relation to dematerialised shares or by vesting, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

(b) Upon this Scheme becoming effective and with effect from the Appointed Date, any and all movable Assets of the Demerged Company relating to the BPDM Undertaking, other than those specified above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons shall without any further act, instrument or deed become the property of Resulting Company 2.

(c) Upon this Scheme becoming effective and with effect from the Appointed Date, all immovable properties (including land together with the buildings and structures standing thereon) of the Demerged Company relating to the BPDM Undertaking, whether freehold or leasehold, as the case may be, and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Resulting Company 2, subject to Applicable Law, without any act or deed required by the Demerged Company and Resulting Company 2. Upon this Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes, as applicable, and fulfill all obligations, in relation to or applicable to such immovable properties.

(d) Upon this Scheme becoming effective and with effect from the Appointed Date, the Intellectual Property Rights of the Demerged Company relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I) shall, without further act or deed, stand transferred and vested in Resulting Company 2. This Scheme shall serve as a requisite consent for use and transfer of such Intellectual Property

Rights without requiring the execution of any further deed or document as to transfer of the said Intellectual Property Rights in favour of Resulting Company 2. Upon the Scheme becoming effective, and to the extent required by the Demerged Company and Resulting Company 1, Resulting Company 2 may grant to them the right to use the trademarks being transferred to it pursuant to this Scheme by way of a license, on such terms and conditions as may be mutually agreed between the relevant parties.

(e) Upon this Scheme becoming effective and with effect from the Appointed Date, the Demerged Company agrees to execute and deliver, at the request of Resulting Company 2, all papers and instruments required in respect of all Intellectual Property Rights, to vest such rights, title and interest in the name of Resulting Company 2 and in order to update the records of the respective registries to reflect the name and address of Resulting Company 2 as the current owner of the Intellectual Property Rights.

(f) In relation to Assets belonging to the BPDM Undertaking, which require separate documents for vesting in Resulting Company 2, or which the Demerged Company and/ or Resulting Company 2 otherwise desire to be vested separately, the Demerged Company and Resulting Company 2 will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.

(g) All Assets acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the BPDM Undertaking shall be deemed to have been acquired for and on behalf of Resulting Company 2 and shall also stand transferred to and vested in Resulting Company 2, with effect from the Effective Date.

(h) It is hereby clarified that if any Assets in relation to the BPDM Undertaking which the Demerged Company owns, cannot be transferred to Resulting Company 2 for any reason whatsoever, the Demerged Company shall hold such Asset in trust for the benefit of Resulting Company 2.

(i) Upon this Scheme becoming effective, the past track record of the Demerged Company relating to the BPDM Undertaking, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be the track record of Resulting Company 2 for all commercial and regulatory purposes, including for the purposes of eligibility, standing, evaluation and participation of Resulting Company 2 in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

8.1.3 **Transfer of liabilities**

(a) Upon this Scheme becoming effective and with effect from the Appointed Date, all Liabilities of every kind, nature and description relating to the BPDM Undertaking shall, without any further act or deed, be transferred to, or be deemed to be transferred to Resulting Company 2 so as to become, from the Appointed Date, the Liabilities of Resulting Company 2 and Resulting Company 2 undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen, in order to give effect to the provisions of this sub- Paragraph.

(b) Where any of the liabilities and obligations pertaining to the BPDM Undertaking on the Appointed Date, has been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of Resulting Company 2.

(c) All loans raised and used, and Liabilities incurred, if any, by the Demerged Company after the Appointed Date, but prior to the Effective Date, for the BPDM Undertaking shall be deemed to be transferred to, and discharged by Resulting Company 2 without any further act or deed.

(d) Upon the Scheme becoming effective, the secured creditors of the Demerged Company, relating to the Remaining Undertaking shall not be entitled to security over properties, Assets, rights, benefits and interest of Resulting Company 2.

(e) The vesting of the BPDM Undertaking as aforesaid shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the BPDM Undertaking, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the Assets of the BPDM Undertaking have been or are offered or agreed to be offered as securities for any financial assistance or obligations, shall be construed as a reference to only the Assets pertaining to the BPDM Undertaking, as applicable, as are vested in Resulting Company 2 as per this Scheme, to the end and intent that any such security, charge, hypothecation and mortgage shall not extend or be deemed to extend to any of the other Assets of the Demerged Company or any of the Assets of Resulting Company 2. Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the Assets, or any part thereof, of Resulting Company 2 shall continue with respect to such Asset, or part thereof, and this Scheme shall not operate to enlarge such securities, charges, hypothecation and mortgages.

(f) The provisions of Paragraph 8.1.3(e) above shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions. For avoidance of doubt the provisions of Paragraph 8.1.3(e) above shall not be construed as limiting the operation of Part E of this Scheme.

(g) Upon this Scheme becoming effective, the borrowing limits of Resulting Company 2 shall, without any further act or deed, stand enhanced by an amount being the aggregate of the Liabilities pertaining to the BPDM Undertaking which are being transferred to Resulting Company 2 pursuant to this Scheme and Resulting Company 2 shall not be required to pass any separate resolution in this regard.

8.1.4 **Contracts, Deeds, Bonds and Other Instruments**

(a) Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, agreements entered into with various persons including independent consultants, subsidiaries/ associate companies and other shareholders of such subsidiaries/ associate companies, arrangements and other instruments of whatsoever nature in relation to the BPDM Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date,

shall continue in full force and effect on or against or in favour, as the case may be, of Resulting Company 2 and may be enforced as fully and effectually as if, instead of the Demerged Company, Resulting Company 2 had been a party or beneficiary or obligee thereto or thereunder.

(b) Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the BPDM Undertaking with Resulting Company 2 occurs by virtue of this Scheme itself, Resulting Company 2 may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above. Resulting Company 2 shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

(c) Without prejudice to the generality of the foregoing, it is clarified that upon this Scheme becoming effective and with effect from the Appointed Date, all consents, agreements, permissions, all statutory or regulatory licences, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the BPDM Undertaking shall stand transferred to Resulting Company 2 as if the same were originally given by, issued to or executed in favour of Resulting Company 2, and Resulting Company 2 shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to Resulting Company 2. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority, or by any other person, or availed by the Demerged Company in relation to the BPDM Undertaking are concerned, the same shall vest with and be available to Resulting Company 2 on the same terms and conditions as applicable to the Demerged Company, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Resulting Company 2.

(d) The Demerged Company has set up a trust, by the name of "HSIL Corporate Social Responsibility Foundation", for the purpose of fulfilling its corporate social responsibility under the Companies Act, 2013, either singly or along with its subsidiary companies or along with any other company or holding or subsidiary company of such other company. Subject to provisions of the Companies Act, 2013, it is proposed that the HSIL Corporate Social Responsibility Foundation be restructured to permit Resulting Company 2 to utilize the same for fulfilling its corporate social responsibility under the Companies Act, 2013 as well.

(e) It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the BPDM Undertaking to which the Demerged Company is a party, cannot be transferred to Resulting Company 2 for any reason whatsoever, the Demerged Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resulting Company 2.

(f) Upon this Scheme becoming effective, all the resolutions, if any, of the Demerged

Company which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as the resolutions of Resulting Company 2, to the extent such resolutions pertain to the BPDM Undertaking, and, if any such resolutions have an upper monetary or any other limits imposed under the provisions of the Act, then the said limits shall apply *mutatis mutandis* to such resolutions and shall constitute the aggregate of the said limits in Resulting Company 2.

8.1.5 **Employees**

(a) Upon the Scheme becoming effective, all employees of the BPDM Undertaking shall be deemed to have become employees of Resulting Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Demerged Company, on the Effective Date. The services of such employees with the Demerged Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

(b) With regard to provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of such employees of the BPDM Undertaking, Resulting Company 2 shall, upon this Scheme becoming effective, stand substituted for the Demerged Company for all purposes whatsoever, including with regard to the obligation to make contributions to the said funds and schemes, in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents.

(c) The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Demerged Company for such employees of the BPDM Undertaking shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by Resulting Company 2 without any separate act or deed/ approval. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by Resulting Company 2 to the existing funds maintained by the Demerged Company.

(d) If any of the employees of the Demerged Company being transferred to Resulting Company 2 as part of this Scheme are covered under any directors and officers liability insurance policy ("**D&O Insurance**") policy taken by the Demerged Company as on the Effective Date, then, irrespective of their transfer to Resulting Company 2, such employees shall continue to be covered by such D&O Insurance, for the remainder of the term of the insurance policy, and the Demerged Company and/or Resulting Company 2, as the case may be, shall execute all documents as may be required, including with the insurance company(ies), to give effect to this sub-Paragraph (d).

(e) The Demerged Company, pursuant to a notification in the Official Gazette dated October 22, 1968, issued by the Secretary to the Government, Haryana, Labour and employment departments, in exercise of the powers conferred under Paragraph 27-A of the Employees' Provident Funds Scheme, 1952, has been granted an exemption from the operations of the Employees' Provident Funds Scheme, 1952 and currently deposits the provident fund collections of certain employees into the fund, "Somany Provident Fund

Institution". Subject to receipt of appropriate regulatory approvals, it is proposed that the Somany Provident Fund Institution may be restructured to permit Resulting Company 2 to utilize the same for depositing the provident fund collections of its employees as well.

(f) The Demerged Company has set up a fund, by the name of "H S I Employees' Gratuity Fund", to meet the gratuity obligations of the Demerged Company towards its eligible employees. Subject to receipt of appropriate regulatory approvals, it is proposed that the H S I Employees' Gratuity Fund may be restructured to permit Resulting Company 2 to utilize the same for its gratuity obligations towards its employees as well.

8.1.6 **Continuation of Legal Proceedings**

(a) From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in relating to the BPDM Undertaking ("**BPDM Undertaking Proceedings**") shall be continued and enforced by or against Resulting Company 2 after the Effective Date, to the extent legally permissible. To the extent such BPDM Undertaking Proceedings cannot be taken over by Resulting Company 2, such proceedings shall be pursued by the Demerged Company as per the instructions of and entirely at the costs and expenses of Resulting Company 2.

(b) If the BPDM Undertaking Proceedings are taken against the Demerged Company in respect of the matters referred to in Paragraph 8.1.6(a) above, it shall defend the same in accordance with the advice of Resulting Company 2 and at the cost of Resulting Company 2, and the latter shall reimburse and indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

(c) If any BPDM Undertaking Proceedings is pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against Resulting Company 2 in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.

(d) In the event of any difference or difficulty on whether any specific legal or other proceedings relates to the BPDM Undertaking or not, the decision of the Board of Directors of the Demerged Company in this regard shall be conclusive and binding on the Demerged Company and Resulting Company 2.

8.1.7 **Treatment of taxes**

(a) With effect from the Appointed Date and upon the Scheme becoming effective, all taxes and duties payable by the Demerged Company, accruing and relating to the operations of the BPDM Undertaking from the Appointed Date onwards, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims, as the case may be, of Resulting Company 2.

(b) Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of

carried forward losses and other statutory benefits, including in respect of income tax (including MAT credit), Cenvat, customs, VAT, sales tax, service tax, goods and services tax (GST), etc. relating to the BPDM Undertaking to which the Demerged Company is entitled to shall be available to and vest in Resulting Company 2, without any further act or deed.

(c) Upon this Scheme becoming effective, the Demerged Company and Resulting Company 2 are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, service tax returns, goods and services tax (GST) returns and other tax returns for the period commencing on and from the Appointed Date, and to claim refunds/ credits, pursuant to the provisions of this Scheme.

(d) The Board of Directors of the Demerged Company shall be empowered to determine if any specific tax liability or any tax proceeding relates to the BPDM Undertaking and whether the same would be transferred to Resulting Company 2.

(e) Upon this Scheme becoming effective, any tax deposited, certificates issued or returns filed by the Demerged Company relating to the BPDM Undertaking shall continue to hold good as if such amounts were deposited, certificates were issued and returns were filed by Resulting Company 2.

(f) All the expenses incurred by the Demerged Company and Resulting Company 2 in relation to the demerger of the BPDM Undertaking, as per Part C of this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Demerged Company and Resulting Company 2 in accordance with Section 35DD of the IT Act over a period of 5 years beginning with the previous year in which this Scheme becomes effective.

8.1.8 Saving of concluded transactions

The transfer of Assets and Liabilities to, and the continuance of proceedings by, or against, Resulting Company 2 as envisaged in Part C above shall not affect any transaction or proceedings already concluded by the Demerged Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that Resulting Company 2 accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.

8.1.9 Conduct of Business

(a) With effect from the Appointed Date and up to and including the Effective Date:

(i) The Demerged Company undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and Assets of the BPDM Undertaking, for and on account of and in trust for Resulting Company 2;

(ii) All profits accruing to the Demerged Company and all taxes thereon or losses arising or incurred by it with respect to the BPDM Undertaking shall, for all purposes, be treated as and deemed to be the profits, taxes or losses, as the case may be, of Resulting Company 2;

(iii) the Demerged Company shall carry on the business of the BPDM Undertaking

with reasonable diligence and business prudence and in the same manner as it had been doing hitherto and shall be entitled to take all decisions in relation to the BPDM Undertaking, as may be required; and

(iv) except with the consent of the Board of Directors of the Demerged Company and Resulting Company 2, Resulting Company 2 shall not make any change in its capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner effect the reorganisation of capital of Resulting Company 2.

(b) Resulting Company 2 shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which Resulting Company 2 may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any Applicable Law for time being in force for carrying on business of the BPDM Undertaking.

PART D

9. ISSUE OF NEW EQUITY SHARES AND CANCELLATION OF EXISTING SHARES

9.1 Resulting Company 1 shall have taken all necessary steps, including by way of passing all enabling corporate resolutions to increase or alter, to the extent required, its authorised share capital suitably so as to enable it to issue and allot the New Equity Shares under this Scheme and if applicable, for the issuance of the necessary share certificates and/or letters of allotment representing such Shares.

9.2 **Issuance of New Equity Shares**

9.2.1 Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1; and (b) the demerger of the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, Resulting Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Demerged Company as on the Record Date, 1 equity share of Rs. 2 each of Resulting Company 1 for every 1 equity share of Rs. 2 each of the Demerged Company.

9.2.2 Approval of this Scheme by the shareholders of Resulting Company 1 shall be deemed to mean that the said shareholders have also accorded all relevant consents under the Act for the issue and allotment of New Equity Shares by Resulting Company 1 to the shareholders of the Demerged Company.

9.2.3 The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company whose name is recorded in the register of members of the Demerged Company as holding shares as of the Record Date. Provided however that, the number of New Equity Shares will be equitably adjusted to reflect appropriately the effect of any share split, reverse share split, dividend, including any extra-ordinary cash dividend, reorganization, recapitalisation, reclassification, combination, exchange of shares, or other like change with respect to Resulting Company 1 shares on the books of Resulting Company 1 as on the Record Date.

9.2.4 In case any shareholder's shareholding in the Demerged Company is such that the shareholder becomes entitled to a fraction of an equity share in Resulting Company 1, Resulting Company 1 shall not allot fractional shares to such shareholder but shall consolidate such fractions and issue consolidated equity shares to a separate trustee nominated by Resulting Company 1 in that behalf, who shall sell such equity shares at prevailing market prices within a reasonable time frame after allotment and distribute the net sale proceeds by cheque (after deduction of tax and all other associated costs as applicable) to the shareholders of the Demerged Company, in proportion to their fractional entitlements. During consolidation of the fractional shares, if the sum of such fractional shares is not a whole integer, Resulting Company 1 shall issue such additional fractional share to the trustee, such that the total shares so issued shall be rounded off to the next whole integer. The issue of the fractional share by Resulting Company 1 to the trustee, shall form an integral part of the consideration to be paid under the Scheme.

9.2.5 The New Equity Shares shall be subject to the memorandum and articles of association of Resulting Company 1.

9.2.6 The issue and allotment of the New Equity Shares by Resulting Company 1 to the shareholders of the Demerged Company as provided in this Scheme is an integral part thereof and shall be deemed

to have been carried out as if the procedure laid down under Section 62 read with Section 42 of the Companies Act, 2013 and any other applicable provisions of the Act were duly complied with.

9.2.7 New Equity Shares shall be issued in dematerialised form, unless otherwise notified in writing by any shareholder of the Demerged Company on or before such date as may be determined by the Board of Directors of Resulting Company 1 or a duly authorised committee thereof. In the event that such notice has not been received by Resulting Company 1 in respect of any of the shareholders of the Demerged Company as of the Record Date, the equity shares shall be issued to such shareholders in dematerialised form provided that such shareholders shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event any shareholder has notified Resulting Company 1 as contemplated above that they desire to be issued shares in the physical form or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company 1 or if any shareholder holding shares in the physical form does not notify the account details of the depository participant for electronic credit of the shares of Resulting Company 1 as contemplated above, then Resulting Company 1 shall issue equity shares in physical form to such shareholders of the Demerged Company.

9.2.8 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date or the Effective Date, as the case may be to effectuate such a transfer in Resulting Company 1 as if such changes in the registered holders were operative on the Record Date, in order to remove any difficulties arising to the transfer of the share in Resulting Company 1 and in relation to New Equity Shares.

9.2.9 Equity shares to be issued by Resulting Company 1 pursuant to this Scheme, in respect of any equity shares of the Demerged Company, which are held in abeyance under the provisions of the Act or otherwise, shall pending allotment or settlement of dispute by order of Court or otherwise be held by the trustees appointed by Resulting Company 1.

9.3 **Cancellation of equity shares held by the Demerged Company in Resulting Company 1**

9.3.1 Simultaneous with the issuance of the New Equity Shares, in accordance with Paragraph 9.2 of this Scheme, the initial issued and paid up equity share capital of Resulting Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Demerged Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Demerged Company and its nominees representing the equity shares in Resulting Company 1 shall be deemed to be cancelled and from and after such cancellation.

9.3.2 The cancellation of the equity share capital held by the Demerged Company and its nominees in Resulting Company 1, in accordance with Paragraph 9.3.1 of this Scheme, shall be effected as a part of this Scheme itself and not under a separate procedure, in terms of Section 66 of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Companies Act, 2013, or any other applicable provisions, confirming the reduction. The consent of the shareholders of Resulting Company 1 to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the reduction under the provisions of Section 66 of the Companies Act, 2013 as well and no further compliances would be separately required.

9.3.3 Resulting Company 1 shall not be required to add the words "and reduced" as suffix to its name

consequent upon the reduction of capital under Paragraph 9.3.2 above

9.3.4 The reduction of capital of Resulting Company 1, as above, does not involve any diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.

9.4 The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new shareholders in Resulting Company 1, on account of the difficulties, if any, in the transition period.

9.5 Further, approval of this Scheme by the shareholders of Resulting Company 1 shall also be deemed to be the approval by the shareholders for enabling investment by foreign institutional investors / registered foreign portfolio investors, under the Portfolio Investment Scheme up to 40% of the paid up share capital of Resulting Company 1. Resulting Company 1 shall, upon the coming into effect of the Scheme, intimate the RBI and comply with such other requirements as mandated by the extant foreign exchange regulations relating thereto.

9.6 Listing of New Equity Shares

9.6.1 Post effectiveness of this Scheme, the share capital of Resulting Company 1, including the New Equity Shares to be issued and allotted by Resulting Company 1 in terms of Paragraph 9.2 above shall be listed and shall be admitted for trading on the Stock Exchanges by virtue of this Scheme and in accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017. Resulting Company 1 shall make all requisite applications and shall otherwise comply with the provisions of the aforesaid circulars and Applicable Laws and take all steps to get its share capital including the New Equity Shares issued by it in pursuance to this Scheme listed on the Stock Exchanges.

9.6.2 The New Equity Shares issued and allotted pursuant to this Scheme shall remain frozen in the depositories system until listing and trading permission is granted by the relevant designated Stock Exchange for their listing and trading. Post the issuance of the New Equity Shares by Resulting Company 1 in terms of Paragraph 9.2 of this Scheme, there shall be no change in the share capital of Resulting Company 1, including the New Equity Shares, or 'Control' in Resulting Company 1 between Record Date and the date of listing of the equity shares of Resulting Company 1, which may affect the status of the approval granted by the Stock Exchanges, and any other governmental authority in this regard.

10. ACCOUNTING TREATMENT

10.1 Accounting treatment in the books of account of the Demerged Company

10.1.1 The Board of Directors of the Demerged Company shall give effect to the Scheme in the books of account of the Demerged Company, as they deem fit, in accordance with the applicable Indian Accounting Standards and Generally Acceptable Accounting Principles.

10.1.2 The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of, (a) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:

(a) The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of

the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company.

(b) Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.

(c) Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.

(d) The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.

(e) The excess, if any, of Paragraphs 10.1.2(b) and 10.1.2(c) above, over Paragraphs 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.

(f) The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:

(i) Capital Reserve Account;

(ii) Securities Premium Account; and

(iii) General Reserve.

10.1.3 The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2 Accounting treatment in the books of Resulting Company 1

10.2.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:

(a) The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be reflected at their carrying amounts.

(b) Resulting Company 1 shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Demerged Company under Paragraph 9.2 of the Scheme.

(c) Resulting Company 1 shall record the Reserves, as determined by the Board of Directors



of the Demerged Company, in its financial statements

(d) The existing share capital of Resulting Company 1 shall be cancelled in accordance with Paragraph 9.3 of the Scheme.

(e) The difference, if any, from the accounting under the Paragraphs above, shall be recorded as capital reserve in the books of Resulting Company 1.

(f) Negative capital reserve, if any, created pursuant to Paragraphs above, shall be adjusted against the existing reserves of Resulting Company 1, in the manner as decided by its Board of Directors, in consultation with its Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.2.2 The existing shareholding of the Demerged Company in Resulting Company 1 shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. Face value of the equity shares so cancelled, shall be credited to the capital reserve account of Resulting Company 1.

10.2.3 The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2.4 The Board of Directors of Resulting Company 1 shall give effect to the Scheme in the books of account of Resulting Company 1, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

10.3 **Accounting treatment in the books of Resulting Company 2**

10.3.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall account for the demerger of the BPDM Undertaking, pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 2:

(a) The assets and liabilities of the BPDM Undertaking shall be reflected at their carrying amounts.

(b) Resulting Company 2 shall record the reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(c) The difference, if any, from the accounting under the Paragraphs 10.3.1(a) and (b) above shall be recorded as capital reserve.

(d) Negative capital reserve, if any, created pursuant to the Paragraphs 10.3.1(a) and (b) above, shall be adjusted against the existing reserves of Resulting Company 2, in the manner as decided by its Board of Directors, in consultation with the Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.3.2 The reduction, if any, under Paragraph 10.3.1(d) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.3.3 The Board of Directors of Resulting Company 2 shall give effect to the Scheme in the books of account of Resulting Company 2, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

11. REMAINING UNDERTAKING

11.1 The Remaining Undertaking and all the Assets, properties, rights, Liabilities and obligations thereto shall continue to belong to and be vested in and be managed by the Demerged Company and Resulting Company 1 and Resulting Company 2 shall have no right, claim or obligation in relation to the Remaining Undertaking. From the Appointed Date, the Demerged Company shall carry on the activities and operations of the Remaining Undertaking distinctly and as a separate business from the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking.

11.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking shall be continued and enforced by or against the Demerged Company after the Effective Date. Resulting Company 1 and Resulting Company 2 shall in no event be responsible or liable in relation to any such legal or other proceeding against the Demerged Company.

11.3 With effect from the Appointed Date and up to, including and beyond the Effective Date, the Demerged Company:

(a) shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Undertaking for and on its own behalf; and

(b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of the Demerged Company.

PART E - GENERAL TERMS AND CONDITIONS

12. **Application to the Hon'ble Tribunal**

12.1 The Demerged Company shall have obtained an observation/no-objection letter from the Stock Exchanges, in accordance with Applicable Laws.

12.2 The Demerged Company, Resulting Company 1 and Resulting Company 2 shall make the requisite joint company applications under Sections 230 to 232 of the Companies Act, 2013 and Section 66 of the Companies Act, 2013 other applicable provisions of the Act, to the Hon'ble Tribunal, for seeking sanction of this Scheme.

13. **Modifications to the Scheme**

13.1 The Companies (acting through their respective Board of Directors) may, in their full and absolute discretion, assent to any amendments, alterations or modifications to this Scheme, in part or in whole, which the Hon'ble Tribunal and/or any other authorities may deem fit to direct, approve or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out this Scheme, including any individual part thereof, or if the Board of Directors are of the view that the coming into effect of this Scheme, in part or in whole, in terms of the provisions of this Scheme, could have an adverse implication on all or any of the Companies. Each of the Companies (acting through their respective Board of Directors) be and are hereby authorised to take such steps and do all acts, deeds and things, as may be necessary, desirable or proper to give effect to this Scheme, in part or in whole and to resolve any doubts, difficulties or questions whether by reason of the order of the Hon'ble Tribunal or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith and may also in their full and absolute discretion, withdraw or abandon this Scheme, or any individual part thereof, at any stage prior to the Effective Date.

13.2 If any part of this Scheme is held invalid, ruled illegal by any court of competent jurisdiction, or becomes unenforceable for any reason, whatsoever, whether under present or future laws, then it is the intention of the Companies that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either of the Companies in which case the Companies shall attempt to bring about a modification in this Scheme, as will best preserve for the Companies the benefits and obligations of this Scheme, including but not limited to such part.

14. **Conditions for the scheme becoming effective**

14.1 The demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1 and demerger of the BPDM Undertaking into Resulting Company 2 are conditional upon and subject to:

(a) the sanction for the Scheme, by the Hon'ble Tribunal, under Sections 230 to 232 and Section 66 of the Companies Act, 2013, being obtained; and

(b) a certified copy of the order of the Hon'ble Tribunal sanctioning the Scheme being filed with the Registrar of Companies, Kolkata, by each of the Companies.

14.2 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety, unless specifically agreed otherwise by the Board of Directors of the Demerged Company.

15. **Sequence of coming into effect of this Scheme**

15.1 The Scheme shall come into operation from the Effective Date, but with effect from the Appointed Date.

15.2 Upon this Scheme becoming effective, with effect from the Appointed Date, Part B and Part C of the Scheme shall be deemed to have occurred and become effective and operative simultaneously.

16. **Revocation, Withdrawal of this Scheme**

Subject to the order of the Hon'ble Tribunal, the Board of Directors of the Demerged Company shall be entitled to revoke, cancel, withdraw and declare this Scheme of no effect at any stage if, (a) this Scheme is not being sanctioned by the Hon'ble Tribunal or if any of the consents, approvals, permissions, resolutions, agreements, sanctions and conditions required for giving effect to this Scheme are not obtained or for any other reason; (b) in case any condition or alteration imposed by the shareholders and/or creditors of the Companies, the Hon'ble Tribunal or any other authority is not acceptable to the Board of Directors of the Demerged Company; or (c) the Board of Directors of the Demerged Company are of the view that the coming into effect of this Scheme, in terms of the provisions of this Scheme, or filing of the drawn up order with any governmental authority could have adverse implication on all or any of the Companies. On revocation, withdrawal, or cancellation, this Scheme shall stand revoked, withdrawn, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* between the Companies or their respective shareholders or creditors or employees or any other person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the Applicable Law and in such case, the Demerged Company shall bear all costs relating to this Scheme unless otherwise mutually agreed.

17. **Effect of non-receipt of approvals**

In case this Scheme is not sanctioned by the Hon'ble Tribunal, or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in this Scheme not being obtained or complied or for any other reason, if this Scheme cannot be implemented, then, this Scheme shall become null and void, and the Demerged Company shall bear the entire cost, charges and expenses in connection with this Scheme unless otherwise mutually agreed.

18. **Costs, charges and expenses**

All costs, charges, fees, taxes including duties, stamp duties, levies and all other expenses, if any (save as expressly agreed otherwise or if directed by the Hon'ble Tribunal) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by the Demerged Company.

19. Based on mutual agreement between the Board of Directors of the Demerged Company, Resulting Company 1 and Resulting Company 2 and subject to the provisions of Applicable Law, the Board



of Directors of the Companies may authorise the execution of appropriate arrangements between the Companies and the lenders, as may be required, in respect of any loans raised by the Demerged Company prior to the Effective Date.

20. **Dividend/ Distribution of Profits**

The Companies shall be entitled to declare and make a distribution/ pay dividends, whether interim or final, and/or issue bonus shares, to their respective members/shareholders prior to the Effective Date in accordance with Applicable Law.

21. **Compliance with Applicable Laws**

The Companies undertake to comply with all Applicable Laws (including all applicable compliances required by SEBI and the Stock Exchanges) including making the requisite intimations and disclosures to any statutory or regulatory authority and obtaining the requisite consent, approval or permission of the central government, RBI (if required), SEBI, Stock Exchanges, Competition Commission of India (if required) or any other statutory or regulatory authority, which by law may be required for the implementation of this Scheme or which by law may be required in relation to any matters connected with this Scheme.

22. **Provisions incorporated as per directions of SEBI/Stock Exchanges**

Action taken by SEBI/RBI

SEBI has issued a common order, Order No. WTM/PS/OS/CFD/JUNE/2013, dated June 04, 2013, against 105 listed companies, including India Power Corporation Limited (previously known as DPSC Limited), for non-compliance with the SEBI requirements of maintaining minimum public shareholding in a listed company. By way of the said order, the directors of all such companies, including India Power Corporation Limited, were *inter alia* (a) prohibited from buying, selling or otherwise dealing in securities of such non-compliant companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with the minimum public shareholding requirement; and (b) restrained from holding any new position as a director in any listed company, till such time such non-compliant companies comply with the minimum public shareholding requirement. The Demerged Company has been given to understand that Mr. Nand Gopal Khaitan (DIN: 00020588), an independent director on its Board of Directors since September 27, 1996, was also an independent director on the board of directors of India Power Corporation Limited at the time the said order was passed. The Demerged Company further understands that Mr. Nand Gopal Khaitan has filed an appeal against the said order of SEBI before the Securities Appellate Tribunal, which appeal is currently pending.

India Power Corporation Limited is not in any way related to, or affiliated with, the Demerged Company, Resulting Company 1 or Resulting Company 2. Further, it is pertinent to note that the aforementioned order of SEBI is against Mr. Nand Gopal Khaitan in his individual capacity and has no legal implication on the Demerged Company, Resulting Company 1 or Resulting Company 2.

SCHEDULE I

Registered trademarks forming part of the BPDM Undertaking

	Trademark	Application Number
1.	Dura Clay	239214
2.	Hinsan Heat Rings	290967
3.	Zircodence	366563
4.	Alludence	366562
5.	Zircohind	346478
6.	Duravit	411139
7.	H-Vitreous	1780268
8.	HSI Vitreous Hindware	529824
9.	H-VITREOUS HINDWARE	529823
10.	H-VITEROUS HINDWARE HINDUSTAN SANITARYWARE & INDUSTRIES LIMITED	1249275
11.	HINDWARE	608202B
12.	Hindware (stylized)	1270477
13.	hindware	2127595
14.	hindware ITALIAN COLLECTION	2118863
15.	Hindware ITALIAN COLLECTION	1270478
16.	Hindware PREMIUM	1270487
17.	BURROW BACK SEAT	969214
18.	PADDLE BOAT SEAT	969216
19.	Relaxa Seat	969215
20.	CASCADE STEPS	969213
21.	SLEEK HAI TO THEEK HAI	929840

22	Sleek	1244117
23	Sleek Ultra (label)	1112898
24	LISPO	1505314
25	LISPO	1505315
26	PONCHO	1467358
27	BENE LAVE	1589347
28	BENE LAVE	1589341
29	BENE LAVE	1589348
30	BENE LAVE	1589349
31	BENE LAVE	1589350
32	BENE LAVE	1589353
33	BENE LAVE	1589352
34	BENE LAVE	1589351
35	BENELAVE	2159751
36	BENELAVE	2159749
37	hindware ITALIAN COLLECTION	2127594
38	hindware ART	2127596
39	hindware ART	2118862
40	GERMI CLEAN from Hindware	1784754
41	hindware sleek essence	2799128
42	magari	2991258
43	magari	2991256
44	magari	2991259
45	magari	2991260
46	mamma mia	2991257

47	mamma mia	2991255
48	cbello	2991263
49	cbello	2991261
50	hindware	2159746
51	Intaliano by hindware	3407012
52	Intaliano by hindware	3407011
53	hindware ITALIA	3407001
54	HINDWARE ITALIA	3407291
55	INTALIANO BY HINDWARE	3407298
56	ITALIA BY HINDWARE	3407292
57	INTALIANO BY HINDWARE	3407299
58	Intaliano by hindware	3407010
59	ITALIA BY HINDWARE	3407293
60	INTALIANO BY HINDWARE	3407300
61	hindware ITALIAN COLLECTION BATHROOMS YOU KEEPADMIRING (LABEL)	2991264
62	Intaliano	3407007
63	INTALIANO	3407294
64	INTALIANO	3407295
65	INTALIANO	3407296
66	INTALIANO	3407297
67	Hindware British Collection	3455646
68	Hindware British Collection	3455647
69	Hindware German Collection	3455650
70	Hindware English Collection	3455653

71.	Hindware English Collection	3455654
72.	Hindware French Collection	3455655
73.	Hindware Paris Collection	3455658
74.	HINDWARE SPANISH COLLECTION	3459928
75.	HINDWARE SPANISH COLLECTION	3459929
76.	Hindware Paris Collection	3455649
77.	Hindware English Collection	3455652
78.	Hindware French Collection	3455656
79.	Hindware French Collection	3455657
80.	TRUFLO PIPES & FITTINGS BY HINDWARE	3315070
81.	TRUFLO PIPES & FITTINGS BY HINDWARE LEAKAGE NAHI FLOW BHI SAHI	3315085
82.	TRUFLO PIPES & FITTINGS BY HINDWARE LEAKAGE NAHI FLOW BHI SAHI	3315086
83.	TRUFLO PIPES BY HINDWARE	3315061
84.	TRUFLO BY HINDWARE	3315073
85.	TRUFLO BY HINDWARE	3315074
86.	TRUFLO BY HINDWARE	3315076
87.	TRUFLO	3313836
88.	TRUFLO BY HINDWARE	3315078
89.	TRUFLO PIPES & FITTINGS BY HINDWARE	3315079
90.	TRUFLO PIPES & FITTINGS BY HINDWARE	3315080
91.	TRUFLO PIPES & FITTINGS BY HINDWARE	3315084
92.	TRUFLO PIPES BY HINDWARE	3313829
93.	TRUFLO FITTINGS BY HINDWARE LEAKAGE FULL STOP	3313878
94.	TRUFLO BY HINDWARE	3313854

95	TRUFLO PIPES BY HINDWARE	3315062
96	TRUFLO PIPES & FITTING BY HINDWARE	3315068
97	TRUFLO PIPES BY HINDWARE LEAKAGE FULL STOP	3313865
98	TRUFLO FITTINGS BY HINDWARE LEAKAGE NAHI FLOW BHI SAHI	3313877
99	TRUFLO FITTINGS BY HINDWARE	3313850
100.	TRUFLO	3313838
101.	TRUFLO	3313839
102.	TRUFLO PIPES & FITTINGS BY HINDWARE LEAKAGE NAHI FLOW BHI SAHI	3315090
103.	TRUFLO PIPES BY HINDWARE	3313827
104.	TRUFLO FITTINGS BY HINDWARE	3313853
105.	TRUFLO PIPES BY HINDWARE	3313828
106.	TRUFLO PIPES BY HINDWARE	3315064
107.	TRUFLO PIPES BY HINDWARE	3315066
108.	TRUFLO PIPES & FITTINGS BY HINDWARE LEAKAGES FULL STOP	3313866

SCHEDULE II

Registered trademarks forming part of the CPDM Undertaking

1.	SNOWCREST	3201515
2.	MOONBOW EZILI	3297411
3.	MOONBOW ACHELOUS	3297410

SCHEDULE III

Registered trademarks and copyrights forming part of the Retail Undertaking

I. **Registered trademarks forming part of the Retail Undertaking**

SI.No.	Particulars	Registration Number
1.	evok (word per se)	1589342
2.	evok homes with soul	1677516
3.	evok	1579362
4.	evok homes with soul	1677517
5.	evok	1502530
6.	evok	1512242
7.	EVOK HOMES WITH SOUL	1677518
8.	evok (word per se)	1579363
9.	evok HOMES WITH SOUL	1677519
10.	evok	1579364
11.	evok homes with soul	1677520
12.	evok	1579365
13.	evok homes with soul	1677521
14.	INCASA	1502533
15.	evok	1502535
16.	evok	1512243
17.	evok	1677522

	homes with soul	
18.	evok	1502529
19.	evok (logo)	1512244
20.	evok HOMES WITH SOUL	1677523
21.	evok	1502536
22.	evok	1512245
23.	EVOK HOMES WITH SOUL	1677524
24.	evok	1502537
25.	evok	1512246
26.	evok homes with soul	1677525
27.	evok	1502531
28.	evok (word per se)	1512247
29.	EVOK HOMES WITH SOUL	1677526
30.	INCASA	1502534
31.	evok	1502538
32.	evok	1512248
33.	EVOK HOMES WITH SOUL	1677527
34.	evok HOMES WITH SOUL	1677528
35.	evok	1502532
36.	Evok (LOGO)	1512249
37.	evok homes with soul	1677529

2. **Copyrights forming part of the Retail Undertaking:**

(a) EVOK Homes With Soul The Home Fashion Mega Store (LABEL); and

(b) EVOK Homes With Soul (LABEL).

IN THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH, AT KOLKATA

CA (CAA) No. 649/KB/2018

In the matter of:
The Companies Act, 2013;

And
In the matter of:
Sections 230, 231 and 232 of the said Act;

And
In the matter of:
M/S HSIL LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700001;
...Applicant Company no. 1/ Transferor Company

And
In the matter of:
M/S SOMANY HOME INNOVATION LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001;
...Applicant Company no. 2/ First Transferee Company

And
In the matter of:

Sd

M/S BRILLOCA LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001;

...Applicant Company no. 3/ Second Transferee Company

And

In the matter of:

1. M/S HSIL LIMITED
2. M/S SOMANY HOME INNOVATION LIMITED
3. M/S BRILLOCA LIMITED

.... Applicants

Coram : Shri Jinan K.R., Member(Judicial)

For the Applicant :

Mrs. Manju Bhuteria, Advocate
Ms. Pooja Jewrajka, Advocate

Date of pronouncement of order: 2|8|2018

ORDER

Per Shri Jinan K.R., Member(Judicial)

1. The instant joint application has been filed for the purpose of ultimately obtaining sanction of this Tribunal to a Scheme, pursuant to and under the provisions of Sections 230 and 232 of the Act and the relevant provisions thereunder, in

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the manner provided in the Scheme, whereby a)all the assets and liabilities pertaining to the CPDM Undertaking and the Retail Undertaking of the Transferor Company shall be demerged and transferred to and be vested in the First Transferee Company, each on a going concern basis and b)all the assets and liabilities pertaining to the BPDM Undertaking of the Transferor Company shall be demerged and transferred to and be vested in the Second Transferee Company , on a going concern basis, with effect from the Appointed Date and upon the Scheme becoming effective. A copy of the Scheme is annexed to the application and marked as **'Annexure A'.** [Page 43 of the Application]

2. It is stated in the proposed Scheme of Arrangement that the segregation of businesses as envisaged in the Scheme will enable sharper focus and better alignment of the businesses to its customers and shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

3. It is stated in the proposed Scheme of Arrangement that the Scheme shall enable each of the Demerged Undertakings and

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the Remaining Undertakings to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles and shall result in creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertakings.

4. It is stated in the proposed Scheme of Arrangement that the Scheme shall benefit all stakeholders, leading to growth and value creation in the long run and maximizing the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.

5. The Board of Directors of each of the Applicant Companies have, at their Board meeting held on November 10, 2017 approved the Scheme. The Board Resolutions are annexed to the application and marked as **'Annexure E'**, [Page 421 of the Application], **'Annexure L'**, [Page 514 of the Application] and **'Annexure T'**. [Page 620 of the Application].

6. It is further stated in the application that the aggregate assets of all the Applicant Companies are more than sufficient to meet all the liabilities and the said Scheme will not adversely

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affect the rights of any of the creditors of the Applicant Companies, in any manner whatsoever and due provisions have been made for payment of all liabilities, as and when the same shall fall due in usual course.

7. It is further stated in the application that no investigation proceedings are pending against the Applicant Companies under Sections 210, 213 to 217, 219, 220, 222 to 227 of the Companies Act, 2013 or any other provisions thereof.

8. A firm of Chartered Accountant has prepared a Report determining the Share Entitlement Ratio upon implementation of the Scheme. A copy of the Report is annexed to the application and marked as **'Annexure X'.** [Page 657 of the Application].

9. The Statutory Auditors of each of the applicant companies have provided a certificate to the effect that the Accounting Treatment in the Scheme is in compliance with the applicable Accounting Standards and the Generally Accepted Accounting Principles in India. Copies of such certificated dated November 10, 2017 are annexed to the application and marked as **'Annexure BB'.** [Page 688 of the Application], **'Annexure CC'.** [Page 694 of the Application] and **'Annexure DD'.** [Page

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700 of the Application].

10. It is also stated in the application that the said Scheme of Arrangement is fair, reasonable and practicable and that the terms and conditions of the said Scheme will not adversely affect the shareholders or creditors of the Applicant Companies.

11. The National Stock Exchange of India Limited, the stock exchange on which the equity shares of the Transferor Company are listed, has *vide* its observation letter dated April 23, 2018 granted its no objection to the filing of the Scheme before this Hon'ble Tribunal. A copy of the said letter is annexed to the application and marked as **'Annexure Z'.** [Page 684 of the Application].

12. The BSE Limited, the stock exchange on which the equity shares of the Transferor Company are also listed, has *vide* its observation letter dated April 24, 2018 granted its no objection to the filing of the Scheme before this Hon'ble Tribunal. A copy of the said letter is annexed to the application and marked as **'Annexure AA'.** [Page 686 of the Application]

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13. It is stated that the Scheme does not in any way violate, override or circumvent any provision of the Companies Act, 2013 and the rules and regulations issued thereunder.

14. It is further stated that the Scheme does not contemplate any scheme of corporate debt restructuring as provided for under Section 230(2)(c) of the Companies Act, 2013.

15. It is stated that as on March 31, 2018, the Transferor Company, a widely held, publicly listed company, has 28935 equity shareholders holding a total of 72296395 equity shares having a face value of Rs. 2/- each. In this regard, a certificate issued by a Chartered Accountant certifying the Shareholding pattern of the Transferor Company as on March 31, 2018 is annexed to the Application and marked as **'Annexure F'** [Page 430 of the Application].

16. It is stated that the Transferor Company has a total outstanding secured debt of Rs. 6,73,81,69,684/- as on April 25, 2018. A certificate issued by a Chartered Accountant certifying the total outstanding secured debt of the Transferor Company as on April 25, 2018 is annexed to the Application and marked as **'Annexure G'.** [Page 438 of the Application]

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17. It is stated that the Transferor Company has a total outstanding unsecured debt of Rs. 5,35,52,65,302/- as on April 25, 2018. A certificate issued by a Chartered Accountant certifying the total outstanding unsecured debt of the Transferor Company as on April 25, 2018 is annexed to the Application and marked as **'Annexure H'.** [Page 446 of the Application]

18. It is stated that as on the date of this Joint Applicant, the First Transferee Company has 7 (seven) equity shareholders and no preference shareholders. It is further stated that all the equity shareholders of the First Transferee Company representing 100% in number and 100% in value of the issued, subscribed and fully paid-up equity share capital of the First Transferee Company, have given their consent in writing agreeing to the Scheme and also consented to waive the holding and convening of the meeting of the shareholders of the First Transferee Company. In this regard, a certificate issued by a Chartered Accountant certifying the list of shareholders of the First Transferee Company as on April 25, 2018 along with the consent affidavits received from all the shareholders of the First Transferee Company are annexed to the Application and marked as **'Annexure M'.** [Page 518 of

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the Application]

19. It is stated that as on March 31, 2018, the First Transferee Company has no secured creditors. In this regard, a certificate issued by a Chartered Accountant certifying that the First Transferee Company has nil secured creditors as on March 31, 2018 is annexed to the Application and marked as **'Annexure N'.** [Page 547 of the Application]

20. It is stated that as on March 31, 2018, the First Transferee Company has a total of 1 (one) unsecured creditor, being the Transferor Company, representing a total outstanding unsecured debt of 6,00,000/- (Rupees Six Lakh Only) as on March 31, 2018. In this regard, a certificate issued by a Chartered Accountant certifying that the Transferor Company is the only unsecured creditor of the First Transferee Company as on March 31, 2018 is annexed to the Application and marked as **'Annexure O'.** [Page 549 of the Application]. The consent affidavit received from the unsecured creditor is annexed to the Application and marked as **'Annexure P'.** [Page 551 of the Application].

21. It is stated that as on the date of this Joint Applicant, the Second Transferee Company has 7 (seven) equity

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shareholders and no preference shareholders. It is further stated that all the equity shareholders of the Second Transferee Company representing 100% in number and 100% in value of the issued, subscribed and fully paid-up equity share capital of the Second Transferee Company, have given their consent in writing agreeing to the Scheme and also consented to waive the holding and convening of the meeting of the shareholders of the Second Transferee Company. In this regard, a certificate issued by a Chartered Accountant certifying the list of shareholders of the Second Transferee Company as on April 25, 2018 along with the consent affidavits received from all the shareholders of the Second Transferee Company are annexed to the Application and marked as **'Annexure U'.** [Page 624 of the Application]

22. It is stated that as on March 31, 2018, the Second Transferee Company has no secured creditors. In this regard, a certificate issued by a Chartered Accountant certifying that the Second Transferee Company has nil secured creditors as on March 31, 2018 is annexed to the Application and marked as **'Annexure V'.** [Page 653 of the Application]

23. It is stated that as on March 31, 2018, the Second Transferee

Sd

Company has no unsecured creditors. In this regard, a certificate issued by a Chartered Accountant certifying that the Second Transferee Company has nil unsecured creditors as on March 31, 2018 is annexed to the Application and marked as **'Annexure W'.** [Page 655 of the Application]

24. It is further stated that in compliance with SEBI circular bearing no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, the statutory auditor of the Transferor Company has issued a certificate dated November 10, 2017 of non applicability of requirements of Paragraph (I)(A)(9)(a) and Paragraph (I)(A)(9)(b) read with Paragraph (I)(A)(9)(c) of the said SEBI circular. A certified copy of the said certificate issued by the statutory auditor is annexed to the Application and marked as **'Annexure EE'.** [Page 706 of the Application]

25. Heard the learned Advocate, perused the records and documents annexed to the application and affidavits filed in the instant proceedings and on perusal of the submission made on behalf of the applicants, the following orders are passed herein by this Tribunal :

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(a) Separate meetings of the equity shareholders, secured creditors and unsecured creditors of the Transferor Company to be held at Somany Conference Hall of Merchants' Chamber Of Commerce, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata 700 001 on Saturday, September 29, 2018 at 11 AM, 1 PM and 1:30 PM respectively for the purpose of considering and if thought fit, approving, with or without modifications, the said Scheme.

(b) The notices of each of the aforesaid meetings shall be advertised in Form no. CAA 2, in one English newspaper being 'Financial Express' and in one Bengali newspaper being 'Aajkal' not less than 30 days before the date fixed for meetings as per Rule 7 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 with necessary variations, as may be required.

(c) That in addition, 30 (thirty) clear days before the meetings to be held as aforesaid, a notice convening the said meetings

together with copy of the Scheme and statement as required under the Companies Act 2013 disclosing necessary details and the prescribed form of proxy shall be sent to each of the said Equity shareholder, Secured creditors and Unsecured creditors of the Transferor Company by registered post or by speed post or by courier or by email or through hand delivery at their respective last known addresses, as per Rule 6 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016.

(d) The applicant companies shall serve notice of the petition on the following authorities, namely,

i. Central Government through Regional Director, Eastern region, Ministry of Corporate Affairs,

ii. Registrar of Companies, West Bengal,

iii. The Income Tax Department of the office having jurisdiction over the respective Applicant Companies,

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iv. The Official Liquidator and such other relevant and sectoral regulators/authorities, if applicable, which are likely to be affected by the proposed Scheme of arrangement by sending the same by hand delivery through special messenger or by registered post or speed post within 30 days from the date of this order for filing their representations, if any, on the petition. Notice along with the copy of the application and other related documents should be served upon the Chief Commissioner of Income Tax Department by email or speed post or by messenger. Applicant companies are also directed to mention their respective PAN no. everywhere.

(e) In view of the observations of The National Stock Exchange of India Limited and the BSE Limited stating that "It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of

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comments/observations on draft scheme by SEBI/stock exchange. Hence, the Company is not required to send notice for representation as mandated under section 230(5) of the Companies Act, 2013 to SEBI again for its comments/observations/representations.", the requirement to service of notice under Section 230(3) read with Section 230(5) of the Companies Act, 2013 to the Securities and Exchange Board of India as well as The National Stock Exchange of India Limited and the BSE Limited, the stock exchanges on which the equity shares of the Transferor Company are listed, is dispensed with.

(f) The notices served pursuant to (d) above shall specify that representations, if any, should be filed before this Tribunal within 30 days of date of receipt of the notice, with a copy of such representations being sent simultaneously to the Applicants and/or their authorized representatives. If no such representations are received by the Tribunal within the said

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period, it shall be presumed that such authorities have no representations to make on the Scheme of Arrangement.

(g) An Affidavit of Compliance of all the conditions laid down herein including newspaper publication and notice to all authorities to be filed by the Applicant Companies within seven days of service of the notice and newspaper publication.

(h) That the quorum for the aforesaid meeting of the equity shareholders of the Transferor Company shall be fixed in accordance with Section 103 of the Companies Act, 2013 present either personally or through proxy. If the Quorum as above is not present, the Chairman shall proceed with the meeting with one member Quorum, whether by person or by proxy.

(i) Voting at the said meeting of the equity shareholders of the Transferor Company shall be allowed in person and/or

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through proxy and/or through electronic means, as may be applicable to the Transferor Company under applicable laws.

(j) That the quorum for said meeting of the secured creditors of the Transferor Company shall be 5 in number, present either personally or through proxy. If the Quorum as above is not present, the Chairman shall proceed with the meeting with one secured creditor Quorum, whether by person or by proxy.

(k) That the quorum for said meeting of the unsecured creditors of the Transferor Company shall be 5 in number, present either personally or through proxy. If the Quorum as above is not present, the Chairman shall proceed with the meeting with one unsecured creditor Quorum, whether by person or by proxy.

(l) Mr. Somen Bose, Advocate, Mobile No. 9830288681) is appointed as the chairperson for the aforesaid meetings of Equity shareholders, secured creditors and unsecured

Sd

creditors of the Transferor Company at a consolidated remuneration of Rs. 60,000/- (Rupees Sixty thousand only)

(m) Ms. Manisha Suraj, CS, is appointed as the Scrutinizer for the aforesaid meetings of Equity shareholders, secured creditors and unsecured creditors of the Transferor Company at a consolidated remuneration of Rs. 40,000/- (Rupees forty thousand only)

(n) The Chairperson appointed for the aforesaid meetings shall issue notices or shall authorise any officer of the Transferor Company to issue notices of the aforesaid meetings. The said Chairperson shall have all powers under the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 in relation to conduct of the meetings including for deciding procedural questions that may arise or at any adjournment thereof or any other matter including an amendment to the Scheme, if any proposed at any meeting by any person(s).

(o) The Chairperson to file an affidavit not less than seven days before the date fixed for the holding of the meetings to report to this Tribunal that the direction regarding the issue of notices and the advertisement by the Applicants and all other directions given in this Order have been duly complied with as per Rule 12 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016.

(p) The Chairperson do report to this Tribunal the results of the said meetings within four weeks from the date of the conclusion of the said meetings and respective reports shall be in Form CAA 4 as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016, verified by his Affidavit.

(q) In view of the consent affidavits given by all the equity shareholders of the First Transferee Company, the requirement of holding and convening meeting of the equity shareholders of the First Transferee Company, to consider

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and, if thought fit, to approve, with or without modification, the Scheme is dispensed with.

(r) In view of the First Transferee Company having no secured creditors, the requirement of holding and convening meeting of the secured creditors of the First Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme does not arise.

(s) In view of the First Transferee Company having only one unsecured creditor and in view of the consent affidavit given by such unsecured creditor, the requirement of holding and convening meeting of the unsecured creditors of the First Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme is dispensed with.

(t) In view of the consent affidavits given by all the equity shareholders of the Second Transferee Company, the requirement of holding and convening meeting of the equity

Sd

shareholders of the Second Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme is dispensed with.

(u) In view of the Second Transferee Company having no secured creditors, the requirement of holding and convening meeting of the secured creditors of the Second Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme does not arise.

(v) In view of the Second Transferee Company having no unsecured creditors, the requirement of holding and convening meeting of the unsecured creditors of the Second Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme does not arise.

(w) Parties and Chairperson to act on the Order.

26. The Company Application CA (CAA) No. 649/ KB of 2018 is disposed of accordingly.

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27. Urgent certified copies of this order, if applied for, be supplied to the parties upon compliance of all requisite formalities.

Sd

(Jinan K.R.)
Member(Judicial)

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IN THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH, AT KOLKATA

CA (CAA) No. 649/KB/2018

In the matter of:
The Companies Act, 2013;

And
In the matter of:
Sections 230, 231 and 232 of the said Act;

And
In the matter of:
M/S HSIL LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700001;
...Applicant Company no. 1/ Transferor Company

And
In the matter of:
M/S SOMANY HOME INNOVATION LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001;
...Applicant Company no. 2/ First Transferee Company

And
In the matter of:
M/S BRILLOCA LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001;
...Applicant Company no. 3/ Second Transferee Company

And
In the matter of:

1. M/S HSIL LIMITED
2. M/S SOMANY HOME INNOVATION LIMITED
3. M/S BRILLOCA LIMITED

.... Applicants

Coram : Shri Jinan K.R., Member(Judicial)

For the Applicant :

Mrs. Manju Bhuteria, Advocate
Ms. Pooja Jewrajka, Advocate

ORDER

CORRIGENDUM TO ORDER DATED 02-08-2018

On 2nd August, 2018 this Tribunal had passed necessary order disposing off the Application being C.A.(CAA) No. 649/KB/ 2018.

On 16th August, 2018, the Ld. Counsel on the side of the Applicants in CA(CAA) No. 649/KB/2018 mentioned that she is unable to trace out the contact number of the Scrutinizer appointed by this Tribunal vide Order dated 02-08-2018 and she needs a change of the name of he Scrutinizer.

Since the Ld. Counsel on the side of the Applicants cannot trace out the Scrutinizer who has already been appointed, the name of the Scrutinizer is to be changed.

Accordingly, the name of Ms. Manish Suraj, PCS, is removed and the name of Ms. Arti Vyas, having contact No. 9748836498, is replaced as Scrutinizer.

This correction is done as per NCLT Rule 154.

Accordingly, the Amended order is passed in place of the Order of this Tribunal dated 02-08-2018.

The Amended order is to be uploaded.

Urgent copy of this order be supplied to the party.

Signed on 16th August, 2018

Sd

(Jinan K.R.)
Member(Judicial)

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Santosh K Singh & Co, Chartered Accountants

November 08, 2017

To,

The Board of Directors

HSIL Limited

2, Red Cross Place,

Kolkata- 700001, West Bengal

Dear Sir (s),

Re: Recommendation of Share Entitlement Ratio for the purpose of proposed demerger of the Consumer Products Distribution and Marketing Undertaking (hereinafter referred to as "CPDM Undertaking") and the Retail Undertaking of HSIL Limited to Somany Home Innovation Limited, and Demerger of Building Products Distribution and Marketing Undertaking (hereinafter referred to as "BPDM Undertaking")of HSIL Limited to Brilloca Limited.

We refer to our Engagement Letter dated September 8, 2017confirming our appointment to provide our recommendation on the Share Entitlement Ratio for the proposed demerger of

- CPDM Undertaking and Retail Undertaking (as more particularly defined in the Draft Composite Scheme of Arrangement and hereinafter referred to as **"Demerged Undertaking 1"**) from HSIL Limited (hereinafter referred to as **"HSIL"** or the **"Company" or "Demerged Company"**) to Somany Home Innovation Limited (hereinafter referred to as **"Somany Home"** or **"Resulting Company 1"**), a wholly owned subsidiary of HSIL; and
- BPDM Undertaking (as more particularly defined in the Draft Composite Scheme of Arrangement and hereinafter referred to as **"Demerged Undertaking 2"**) from HSIL Limited to Brilloca Limited (hereinafter referred to as **"Resulting Company 2"**), a wholly owned subsidiary of Resulting Company 1,

pursuant to the Draft Composite Scheme of Arrangementunder the provisions of Sections 230 – 232of the Companies Act 2013 (hereinafter referred to as **"Act"**) read with Section 66 of the Actand other applicable provisions of the Act, as may be applicable(hereinafter referred to as **"Proposed Scheme"**),with effect fromthe Appointed Date, i.e., 1stApril 2018 or such other date as may be fixed or approved by the National Company Law Tribunal (hereinafter referred to as "NCLT").As per the terms of our engagement,we are enclosing our valuation report as under.

(Demerged Company, Resulting Company 1 and Resulting Company 2 being hereinafter individually referred to as Company and collectively referred to as the Companies; and Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking (as defined in the Proposed Scheme) being hereinafter individually referred to as Undertaking and collectively referred to as the Undertakings)

Corp office: G-9, H-3, Vardhman Plaza Tower, Nataji Subhash Place, Pitampura, New Delhi 110034, Phone: 011-47243749

SANTOSH K SINGH & CO. NEW DELHI Chartered Accountants

I. SCOPE AND PURPOSE OF THE REPORT

We understand that as a part of a business restructuring exercise, the Management of HSIL (hereinafter referred to as "Management") is considering

- demerger ofCPDM Undertakingand Retail Undertaking of HSIL into itswholly owned subsidiary, Resulting Company 1, on a going concern basis through the Proposed Scheme;
- demerger of BPDM Undertaking ofHSIL into Resulting Company 2 (a wholly owned subsidiary of Resulting Company 1), on a going concern basis through a Proposed Scheme;
- on the Proposed Scheme becoming effective, cancellation of the existing equity share capital of Resulting Company 1 which is held by HSIL; and
- on the Proposed Scheme becoming effective issuance of equity shares of Resulting Company 1 to the equity shareholders of HSIL, as consideration for the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 into Resulting Company 1 and Resulting Company 2.

Therefore, the Management has requested Santosh K Singh & Co, Chartered Accountants ("SKS") to provide recommendation on the Share Entitlement Ratio for the proposed demerger ofDemerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2,on the coming into effect of the Proposed Scheme, with effect from the Appointed Date.In this connection, SKS has been requested by HSIL to submit a report recommending a Fair Share Entitlement Ratio in the connection with the Proposed Scheme,for the consideration of the Board of Directors of HSIL. This report will be placed before the Audit Committee of HSIL and the Board of Directors of HSIL. Further, it will be subsequently used for onward submission with the stock exchanges, regulatory authorities and NCLT, for the purpose of the Proposed Scheme.

The scope of our services is to conduct relative valuation for recommending a Fair Share Entitlement Ratio for the Proposed Scheme in accordance with generally accepted professional standards.

We have considered projected financial statements and other information relating to the Companies upto March 31, 2018 (hereinafter referred to as "Valuation Date") in our analysis and adjustments for facts made known (past or future) to us till the date of our report. The Management has informed us that they do not expect any events or changes in the business and the financial position of the Companies upto the Appointed Date of the Proposed Demerger, other than the events specifically mentioned in this report, which would have an impact on our recommendation set out in this report.

We have relied on the above while arriving at the Fair Share Entitlement Ratio for the Proposed Scheme.

In the following paragraphs, we have summarized our recommendation on the Share Entitlement Ratio together with the limitations on our scope of work. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

II. SOURCES OF INFORMATION

In connection with this exercise, we have received the following information from the Management:

- Corporate presentation of HSIL related to various businesses carried on by HSIL;

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- Draft of the Proposed Scheme;
- Annual Report of HSIL for the year ended March 31, 2016 and March 31, 2017;
- Unaudited carved out financials of the Demerged Undertaking 1, Demerged Undertaking2 and Remaining Undertaking for the year ended March 31, 2017;
- Projected financials of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL for the year ending March 31, 2018 to March 31, 2025;
- Discussions with the Managementin connection with and information relating to the operations of the respective Companies and their business segments, past and present activities, future plans and prospects, tax positions, contingent liabilities, share capital and shareholding pattern, etc.; and
- Other relevant information and documents for the purpose of this engagement.

We have also obtained explanations and information considered reasonably necessary for our exercise, from the Management. The Management has been provided with the opportunity to review the draft report (excluding the recommended share entitlement ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

III. BACKGROUND INFORMATION

A. HSIL Limited, the Demerged Company, is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal - 700 001,India. HSIL was incorporated on February 8, 1960, under the name 'HindustbanTwyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware& Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware& Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of HSIL. The Corporate Identity Number of HSIL is L51433WB1960PLC024539. The equity shares of HSIL are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). HSIL is engaged inthe business of manufacturing, selling and trading of building products, glass products, consumer products, plastic products and retail business. This inter alia includes, manufacturing, preparing, importing, exporting, buying, selling and otherwise dealing in all kinds of sanitaryware, faucets, other lifestyle products, consumer products, glass and plastic packaging material, plastic plumbing pipes and fittings and security caps and closures. HSIL also provides home interior solutions through its large retail store chain across India, under the brand name 'Evok'.

B. Somany Home Innovation Limited, Resulting Company 1, was incorporated on September 28, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 1 is U74999WB2017PLC222970. The registered office of Resulting Company 1 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 1 is a wholly owned subsidiary of HSIL. Resulting Company 1 is authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen

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products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

C. Brilloca Limited, Resulting Company 2, was incorporated on November 2, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 2 is U74999WB2017PLC223307. The registered office of Resulting Company 2 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 2 is a wholly owned subsidiary of Resulting Company 1. Resulting Company 2 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

D. The salient features of the scheme are as follows:

a. The CPDM Undertakingand Retail Undertaking will be demerged into Resulting Company 1;

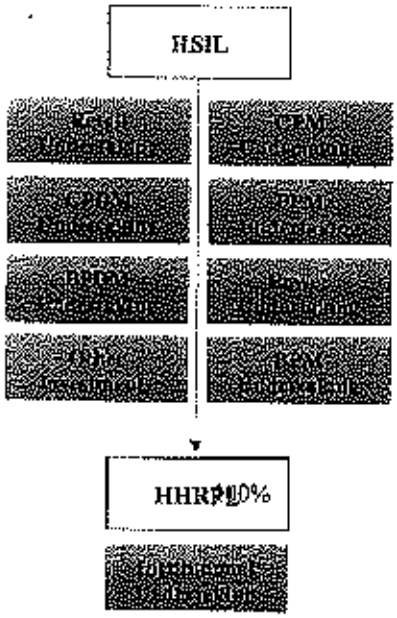
b. The BPDM Undertaking will be demerged into Resulting Company 2;

c. On the Proposed Scheme becoming effective, cancellation of the existing share capital Resulting Company 1, being held by the Demerged Company, as an integral part of Proposed Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of NCLT sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. This would enable all shareholders of HSIL in holding equity shares in Resulting Company 1 in the same ratio as that of HSIL.

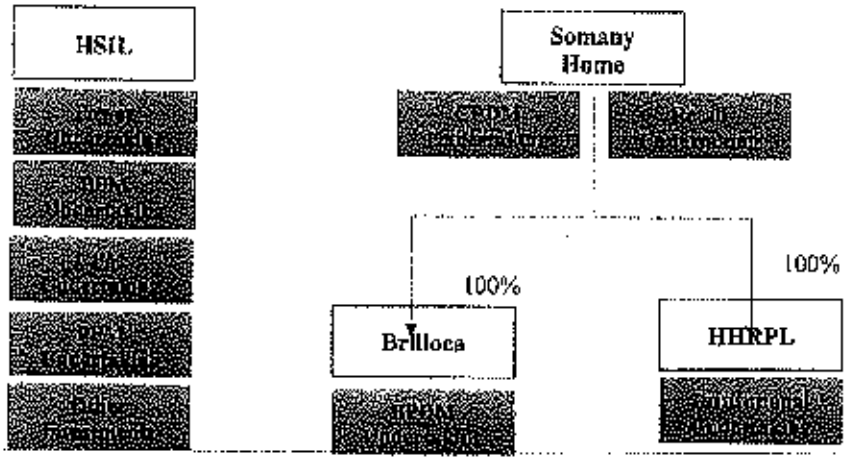
d. On the Proposed Scheme becoming effective, the equity shareholders of HSIL will be issued equity shares of Resulting Company 1,consequent to the demerger of Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2.

e. The demerger as aforesaid will be carried as per the provisions of Section 2(19AA) of the Income Tax Act which provides that all liabilities and assets relating to Demerged Undertakings as above will be transferred to the Resulting Company 1 and Resulting Company 2, respectively.

(i) Existing Structure, as provided by the Management



(ii) Indicative Resultant Structure, as provided by the Management



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IV. RATIONALE FOR PROPOSED SCHEME

HSIL currently has business interests in diverse businesses such as:

(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products, UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined in the Proposed Scheme ("**BPDM Undertaking**");

(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined in the Proposed Scheme ("**CPDM Undertaking**");

(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Proposed Scheme ("**Retail Undertaking**");

(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. ("**Building Products Manufacturing Undertaking**" or "**BPM Undertaking**");

(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**");

(f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures ("**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and

(g) wind power generation ("**Power Undertaking**").

The aforesaid businesses have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Proposed Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

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The Proposed Scheme shall enable the Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

The implementation of this Proposed Scheme will result in:

- creation of separate and distinct entities housing the Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking;
- optimal monetisation and development of each of the respective businesses, including by attracting focused investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;
- dedicated and specialised management focus on the specific needs of the respective businesses; and
- benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of HSIL's assets, achieving cost efficiencies and operational efficiencies.

V. CAPITAL STRUCTURE OF DEMERGED COMPANY,RESULTING COMPANY 1 AND RESULTING COMPANY 2

A. As on October 31, 2017, the capital structure of HSIL is as under:

[illegible]	[illegible]
11,12,50,000 Equity Shares of Rs. 2 each	22,25,00,000
Total	**22,25,00,000**
[illegible] Subscribed and Paid-up Share Capital	[illegible]
7,22,96,395 Equity Shares of Rs. 2 each	14,45,93,000
Add: Forfeited Share Capital	4000
Total	**14,45,97,000**

The Management has represented that there are no outstanding instruments convertible into equity shares issued by HSIL as of the date of issue of this report, which would impact the number of equity shares of HSIL.

B. As on October 31, 2017, the capital structure of Resulting Company 1 is as under:

[illegible]	[illegible]
50,00,000 Equity Shares of Rs. 2 each	1,00,00,000
Total	**1,00,00,000**

[illegible]	[illegible]
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

We have been informed that Resulting Company 1would increase its authorised share capital, to the extent required under the Proposed Scheme, to accommodate the fresh issuance of its equity shares to HSIL upon approval of demerger of Demerged Undertaking 1.

C. As on November 8, 2017, the capital structure of Resulting Company 2 is as under:

[illegible]	[illegible]
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

[illegible]	[illegible]
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

VI. APPROACH - BASIS FOR PROPOSED DEMERGER

The Proposed Scheme contemplates the proposed demerger of the Undertakings pursuant to the Composite Scheme of Arrangement under the relevant provisions of the Act. Arriving at the Fair Share Entitlement Ratio for the Proposed Demerger would require determining the relative values of the concerned businesses and shares of the companies. These values are to be determined independently but on a relative basis, and without considering the effect of the Proposed Demerger.

The Proposed Demerger envisages the demerger of the Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2 respectively, with equity shares of Resulting Company 1, being issued to the shareholders of HSIL for transfer of the Demerged Undertakings. This requires the relative valuation of the relevant Businesses of Demerged Undertaking

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1, Demerged Undertaking 2 and Remaining Undertaking of HSIL for determination of a Fair Share Entitlement Ratio for the Proposed Demerger.

There are several commonly used and accepted methods for determining the Fair Share Entitlement Ratio for the Proposed Demerger, which have been considered in the present case, to the extent relevant and applicable, including:

1. Net Asset Value method
2. Comparable Companies' Multiples method / Earnings Capitalisation Value method
3. Market Price method
4. Discounted Cash Flows method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is therefore mainly used in case where the firm is to be liquidated or in case where the asset base dominates earnings capability. A scheme of demerger would normally be proceeded with, on the assumption that the companies / businesses demerge as going concerns and an actual realization of the operating assets is not contemplated. The operating assets are therefore considered at their book values. In such a going concern scenario, the relative earning power is of importance to the basis of demerger, with the values arrived at on the net asset basis being of limited relevance.

We have been provided with projected balance sheets of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL as at March 31 2018. We have computed the Net

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Asset Value of these businesses accordingly and for the reasons mentioned above, we have considered it appropriate only to keep the values under this method in the background for our analysis.

Comparable Companies' Multiple (CCM) / Earnings Capitalisation Value Method (ECV)

Under the CCM / ECV method, value of the equity shares of a company is arrived at by using multiples / capitalization rates derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples / capitalization rates need to be chosen carefully and adjusted for differences between the circumstances.

We have performed a search for suitable comparable companies for the Undertakings to derive an appropriate capitalization rate / multiple. In case of Demerged Undertaking 1 and Demerged Undertaking 2, there are no listed closely comparable companies which are primarily engaged in the similar businesses though there are listed comparable which have divisions engaged in the similar businesses and their combined earning multiple cannot be applied to the business earning of Demerged Undertaking 1 and Demerged Undertaking 2. In the circumstances, we have considered it appropriate not to apply this method in the present exercise.

Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary / preferential issues / open offer in the shares of the company as envisaged in the overall scheme of arrangement and reported to the stock exchanges / available in the public domain.

In the present case, the shares of HSIL are listed on NSE and BSE and well traded on these stock exchanges, however, the valuation of the Demerged undertaking 1, Demerged Undertaking 2 and Remaining Undertaking cannot be calculated using the same market price and doing the split of the same on certain parameters as the different business segments have their different risk and rewards. We have computed the market value of HSIL and for the reasons mentioned above, we have considered it appropriate only to keep the value under this method in the background for our analysis.

Discounted Cash Flows (DCF) Method

The DCF method uses the future free cash flows of the firm discounted by the cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business. Considering that this method is based on future potential and is widely accepted, we have used this approach in the valuation in the present exercise.

Using the DCF analysis involves determining the following: Estimating future free cash flows:

- Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital — both debt and equity.
- Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value available to the equity shareholders of HSIL, the values arrived above under DCF method are adjusted for, inter-alia, the value of loans, cash, surplus / non-operating assets/liabilities(if any) as deemed appropriate for the purpose of our valuation analysis.

VII. BASIS OF PROPOSED SHARE ENTITLEMENT RATIO

The fair basis for the Proposed Demerger would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending a Share Entitlement Ratio, it is necessary to arrive at a single value for the shares of the concerned undertakings. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the shares of the Undertakings but at their relative values to facilitate the determination of the share entitlement ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

We have carried out a relative valuation of the equity values of the Undertakings and have given weights to the values arrived at under different methodologies, based on their evaluation and judgement of the businesses of the Undertakings, in order to arrive at the relative values of the Undertakings in order to arrive at the Fair Share Entitlement Ratio for the Proposed Demerger.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuers and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a business. This concept is also recognised in judicial decisions.

The Fair Share Entitlement Ratio has been arrived at on the basis of a relative valuation of Undertakings based on the various methodologies explained herein earlier and various qualitative factors relevant to each Undertaking and the business dynamics and growth potentials of the

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businesses of the Undertakings, having regard to information base, key underlying assumptions and limitations.

We have considered the following additional factors while arriving at the Share Entitlement Ratio for the proposed demerger of CPDM Undertaking& Retail Undertaking and BPDM Undertaking of HSIL into Resulting Company 1 and Resulting Company 2 respectively:

A. Capital employed in the business;

B. Equity servicing capacity, and

C. Shareholders' profile and other relevant factors.

We are given to understand by the Management that the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 will be as per requirement of the Section 2(19AA) of the Income tax Act,1961. Accordingly, HSIL will transfer the assets and liabilities of Demerged undertaking 1 and Demerged Undertaking 2 to Resulting Company 1 and Resulting Company 2, respectively,at Book Value (as defined in the Proposed Scheme).Further, we understand thatthe shareholders of HSIL would be entitled to shares of Resulting Company 1 in the same proportion which they currently own shares directly inHSIL.

VIII. RECOMMENDED RATIO

It may be noted that any proposed share entitlement ratio for the Demerger can be considered as fair and reasonable, only if the proposed share entitlement ratio to be adopted does not result in any adverse consequence to the shareholders of HSIL.

Considering that ultimate shareholding of Demerged Undertaking 1 and Demerged Undertaking 2 would not change on account of the Proposed Scheme, the proposed Demerger of Demerged Undertaking 1 into Resulting Company 1 and demerger of Demerged Undertaking 2 into Resulting Company 2 would be value-neutral to ultimate shareholders of HSIL.Once the Scheme is implemented, all the equity shareholders of HSIL would be allotted equity shares of Resulting Company 1 besides their existing equity holding in HSIL. No shareholder is, under the ProposedScheme, required to dispose-off any part of its shareholding either to any of the other shareholders or in the market or otherwise. The proposed demerger does not envisage the dilution of the effective holding of any one or more shareholders as a result of the operation of the ProposedScheme.

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion, the Fair Share Entitlement Ratio for the Proposed Scheme is as follows:

- ***"Fair Share Entitlement Ratio for the Proposed Demerger – 1 (one) Equity Share of Rs. 2 each of Resulting Company 1 to be issued against 1 (one)Equity Share of face value of Rs. 2 each of HSIL"***

IX. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATION, EXCLUSION AND DISCLAIMERS

Valuation analysis and result are specific to the purpose of valuation as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity. The valuation analysis and result are substantively based only on information contained in this report and are governed by concept of materiality.

The opinion(s) rendered in this report only represent the opinion(s) of SKS based upon information furnished by the Management and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion will however not be for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

In the course of the valuation, SKS was provided with both written and verbal information, including market, technical, financial and operating data. We have however, evaluated the information provided to us by the Management through broad inquiry (but have not carried out a due diligence or audit of the Companies/Undertakings) for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Through the above evaluation, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose. We were entitled to rely upon the information provided by the Management without detailed inquiry. Also, we have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and other information given by/on behalf of the Management. The Management has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion analysis/results. Accordingly, we assume no responsibility for any errors in the above information furnished by the Management and their impact on the present exercise. Also, we assume no responsibility for technical information furnished and believed to be reliable.

No enquiry into Companies'/Undertaking's claim to title of assets or property has been made for the purpose of this fairness opinion. With regard to Companies'/'Undertaking's claim to title of assets or property, we have relied solely on representations, whether verbal or otherwise, made by the Management to us for the purpose of this report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed Companies'/Undertaking's claim to such rights, title or interest as valid for the purpose of this report. No information has been given to us about liens or encumbrances against the assets, if any, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.

Our report is neither recommending nor should it be construed as our recommending the proposed demerger or opining or certifying the compliance of the proposed demerger with the provisions of any

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law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed demerger.

The fee for the report is not contingent upon the results reported.

We owe responsibility to only the directors of the Company that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this report, and our report is conditional upon an express indemnity from the Company in our favor holding us harmless from and against any cost, damage, expense and other consequence in connection with the provision of this report. This report is subject to the laws of India. Our liability would be limited to the fee received by us from the present exercise.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than for submission to NCLT, BSE Limited, National Stock Exchange Limited, other regulatory authorities and inspection by shareholders in connection with the proposed demerger, without our prior written consent. In addition, we express no opinion or recommendation as to how the shareholders of Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed demerger.

Yours faithfully,

Santosh K Singh & Co., Chartered Accountants

FRN 019877N

SANTOSH K. SINGH & CO. NEW DELHI Chartered Accountants

CA. Santosh Kumar Singh

Partner

M. No. 502320

Place: New Delhi

Date: Nov 8, 2017

Place:New Delhi

SANTOSH K. SINGH & CO. NEW DELHI Chartered Accountants

Annexure 1 Definition of Demerged Undertaking 1 and Demerged Undertaking 2,basis the Extract of the Proposed Scheme

(a) **"CPDM Undertaking"** means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the consumer products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various consumer products like kitchen appliances, cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers, air purifiers and water purifiers, through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce etc., relating to the sale of such products of the consumer products division. Without prejudice and limitation to the generality of the above, the CPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the CPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the CPDM Undertaking (including, but not limited to, the registered trademarks identified in **Schedule II** of the Proposed Scheme),

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the CPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the CPDM Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the CPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the CPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the CPDM Undertaking.

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the CPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the CPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the CPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the CPDM Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "CPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the CPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the CPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(b) "**Retail Undertaking**" means and includes all the activities, business, operations and undertakings of and relating to retail business undertaking of the Demerged Company, including storing, transporting, selling, distributing and trading in furniture and home décor and other products, *inter alia*, under the 'EVOK' trademark, through its chain of retail outlets and also includes the franchise business of the Demerged Company. Without prejudice and limitation to the generality of the above, the Retail Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the Retail Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in **Schedule III** of the Proposed Scheme),

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(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the Retail Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the Retail Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the Retail Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the Retail Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Retail Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Retail Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the Retail Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the Retail Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the Retail Undertaking,

Corp office: G-9, H-3, Vardhman Plaza Tower, Netaji Subhash Place, Pitampura, New Delhi 110034; Phone no: 011-47243749

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "Retail Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the Retail Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the Retail Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(c) "**BPDM Undertaking**" means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I of the Proposed Scheme),

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking,

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(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the BPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the BPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "BPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the BPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the BPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company;

Santosh K. Singh & Co.
S K Singh
CA Santosh K Singh Partner
M.No. 502320
FRN 019877N

SANTOSH K. SINGH & CO. NEW DELHI Chartered A

SANTOSH K SINGH & CO.
Chartered Accountants

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Phone : +91-011-47243749 (M) : 9212074473, 9810265710
E-mail : admin@santoshksingh.com
URL : www.santoshksingh.com

December 11, 2017

To,

The Board of Directors

HSIL Limited

2, Red Cross Place,

Kolkata-700001, West Bengal

Dear Sir (s),

Re: Recommendation of Share Entitlement Ratio for the purpose of demerger of the Consumer Products Distribution and Marketing Undertaking (hereinafter referred to as "CPDM Undertaking") and the Retail Undertaking of HSIL Limited to Somany Home Innovation Limited, and Demerger of Building Products Distribution and Marketing Undertaking (hereinafter referred to as "BPDM Undertaking")of HSIL Limited to Brillora Limited.

We refer to our Engagement Letter dated September 8, 2017confirming our appointment to provide our recommendation on the Share Entitlement Ratio for the proposed demerger of

- CPDM Undertaking and Retail Undertaking (as more particularly defined in the Composite Scheme of Arrangement and hereinafter referred to as **"Demerged Undertaking 1"**) from HSIL Limited (hereinafter referred to as **"HSIL"** or the **"Company" or "Demerged Company"**) to Somany Home Innovation Limited (hereinafter referred to as **"Somany Home"** or **"Resulting Company 1"**), a wholly owned subsidiary of HSIL; and
- BPDM Undertaking (as more particularly defined in the Composite Scheme of Arrangement and hereinafter referred to as **"Demerged Undertaking 2"**) from HSIL Limited to Brillora Limited (hereinafter referred to as **"Resulting Company 2"**), a wholly owned subsidiary of Resulting Company 1,

pursuant to the Composite Scheme of Arrangement under the provisions of Sections 230 – 232of the Companies Act 2013 (hereinafter referred to as **"Act"**) read with Section 66 of the Act and other applicable provisions of the Act, as may be applicable(hereinafter referred to as " **Scheme**"),with effect from the Appointed Date, i.e., 1st April 2018 or such other date as may be fixed or approved by the National Company Law Tribunal (hereinafter referred to as **"NCLT"**).As per the terms of our engagement, we are enclosing our valuation report as under.

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*(Demerged Company, Resulting Company 1 and Resulting Company 2, being hereinafter individually referred to as **Company** and collectively referred to as the **Companies**; and Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking (as defined in the Scheme) being hereinafter individually referred to as **Undertaking** and collectively referred to as the **Undertakings**)*

It is further submitted that Paragraph 4(a) of Part I of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("**SEBI Circular**") requires all listed companies to submit a valuation report from an independent chartered accountant. However, as per Paragraph 4(b) of Part I of Annexure I of the SEBI Circular, valuation report is not required to be submitted in cases where there is no change in the shareholding pattern of the listed entity or resultant companies.

The SEBI Circular further clarifies that a 'change in the shareholding pattern' shall mean:

(i) change in the proportion of shareholding of any of the existing shareholders of the listed entity in the resultant company; or

(ii) new shareholder being allotted equity shares of the resultant company; or

(iii) existing shareholder exiting the company pursuant to the Scheme of Arrangement.

further, the SEBI Circular contains the following example, illustrating 'no change in shareholding pattern':

In case a listed entity (say, "entity A") demerges a unit and makes it a separate company (say, "entity B"):

(a) if the shareholding of entity B is comprised only of the shareholders of entity A; and

(b) if the shareholding pattern of entity B is the same as in entity A; and

(c) every shareholder in entity B holds equity shares in the same proportion as held in entity A before the demerger.

I. SCOPE AND PURPOSE OF THE REPORT

We understand that as a part of a business restructuring exercise, the Management of HSIL (hereinafter referred to as "**Management**") is considering

- demerger of CPDM Undertaking and Retail Undertaking of HSIL into its wholly owned subsidiary, Resulting Company 1, on a going concern basis through the Scheme;
- demerger of BPDM Undertaking of HSIL into Resulting Company 2 (a wholly owned subsidiary of Resulting Company 1), on a going concern basis through a Scheme;
- on the Scheme becoming effective, cancellation of the existing equity share capital of Resulting Company 1 which is held by HSIL; and

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- on the Scheme becoming effective issuance of equity shares of Resulting Company 1 to the equity shareholders of HSIL as consideration for the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 into Resulting Company 1 and Resulting Company 2.

Therefore, the Management has requested Santosh K Singh & Co. Chartered Accountants ("SKS") to provide recommendation on the Share Entitlement Ratio for the proposed demerger of Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2,on the coming into effect of the Scheme, with effect from the Appointed Date. In this connection, SKS has been requested by HSIL to submit a report recommending a Fair Share Entitlement Ratio in the connection with the Scheme, for the consideration of the Board of Directors of HSIL. This report will be placed before the Audit Committee of HSIL and the Board of Directors of HSIL. Further, it will be subsequently used for onward submission with the stock exchanges, regulatory authorities and NCLT, for the purpose of the Scheme.

The scope of our services is to conduct relative valuation for recommending a Fair Share Entitlement Ratio for the Scheme in accordance with generally accepted professional standards.

We have considered projected financial statements and other information relating to the Companies upto March 31, 2018 (hereinafter referred to as **"Valuation Date"**) in our analysis and adjustments for facts made known (past or future) to us till the date of our report. The Management has informed us that they do not expect any events or changes in the business and the financial position of the Companies upto the Appointed Date of the Proposed Demerger, other than the events specifically mentioned in this report, which would have an impact on our recommendation set out in this report.

We have relied on the above while arriving at the Fair Share Entitlement Ratio for the Scheme.

In the following paragraphs, we have summarized our recommendation on the Share Entitlement Ratio, together with the limitations on our scope of work. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

II. SOURCES OF INFORMATION

In connection with this exercise, we have received the following information from the Management:

- Corporate presentation of HSIL related to various businesses carried on by HSIL;
- The Scheme;
- Annual Report of HSIL for the year ended March 31, 2016 and March 31, 2017;
- Unaudited carved out financials of the Demerged Undertaking 1, Demerged Undertaking2 and Remaining Undertaking for the year ended March 31, 2017;
- Projected financials of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL for the year ending March 31, 2018 to March 31, 2023;
- Discussions with the Management in connection with and information relating to the operations of the respective Companies and their business segments, past and present activities, future plans and prospects, tax positions, contingent liabilities, share capital and shareholding pattern, etc.; and
- Other relevant information and documents for the purpose of this engagement.

We have also obtained explanations and information considered reasonably necessary for our exercise, from the Management. The Management has been provided with the opportunity to review the draft report (excluding the recommended share entitlement ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

III. BACKGROUND INFORMATION

A. HSIL Limited, the Demerged Company, is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal - 700 001,India. HSIL was incorporated on February 8, 1960, under the name 'Hindusthan Twyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of HSIL. The Corporate Identity Number of HSIL is L51433WB1960PLC024539. The equity shares of HSIL are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). HSIL is engaged in the business of manufacturing, selling and trading of building products, glass products, consumer products, plastic products and retail business. This inter alia includes, manufacturing, preparing, importing, exporting, buying, selling and otherwise dealing in all kinds of sanitaryware, faucets, other lifestyle products, consumer products, glass and plastic packaging material, plastic plumbing pipes and fittings and security caps and closures. HSIL also provides home interior solutions through its large retail store chain across India, under the brand name 'Evok'.

B. Solumy Home Innovation Limited, Resulting Company 1, was incorporated on September 28, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 1 is U74999WB2017PLC222970. The registered office of Resulting Company 1 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 1 is a wholly owned subsidiary of HSIL. Resulting Company 1 is authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland aluminia blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

C. Brilloca Limited, Resulting Company 2, was incorporated on November 2, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 2 is U74999WB2017PLC223307. The registered office of Resulting Company 2 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting

Company 2 is a wholly owned subsidiary of Resulting Company 1. Resulting Company 2 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, flume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

D. The salient features of the scheme are as follows:

a. The CPDM Undertaking and Retail Undertaking will be demerged into Resulting Company 1;

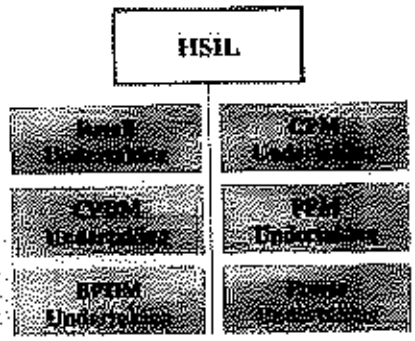
b. The BPDM Undertaking will be demerged into Resulting Company 2;

c. On the Scheme becoming effective, cancellation of the existing share capital Resulting Company 1, being held by the Demerged Company, as an integral part of Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of NCLT sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. This would enable all shareholders of HSIL in holding equity shares in Resulting Company 1 in the same ratio as that of HSIL.

ii. On the Scheme becoming effective, the equity shareholders of HSIL will be issued equity shares of Resulting Company 1, consequent to the demerger of Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2.

c. The demerger as aforesaid will be carried as per the provisions of Section 2(19AA) of the Income Tax Act which provides that all liabilities and assets relating to Demerged Undertakings as above will be transferred to the Resulting Company 1 and Resulting Company 2, respectively.

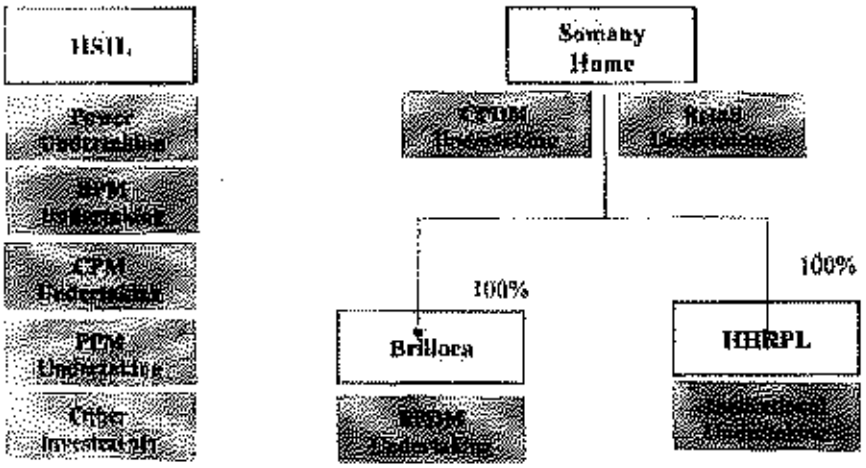
(i) Existing Structure, as provided by the Management



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(ii) Indicative Resultant Structure, as provided by the Management



IV. RATIONALE FOR SCHEME

HSIL currently has business interests in diverse businesses such as:

(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products; UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined in the Scheme ("**BPDM Undertaking**");

(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air-coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined in the Scheme ("**CPDM Undertaking**");

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(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Scheme ("**Retail Undertaking**");

(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. ("**Building Products Manufacturing Undertaking**" or "**BPM Undertaking**");

(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**");

(f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures ("**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and

(g) wind power generation ("**Power Undertaking**").

The aforesaid businesses have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

The Scheme shall enable the Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

The implementation of this Scheme will result in:

- creation of separate and distinct entities housing the Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking;
- optimal monetisation and development of each of the respective businesses, including by attracting focused investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;
- dedicated and specialised management focus on the specific needs of the respective businesses; and
- benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of HSIL's assets, achieving cost efficiencies and operational efficiencies.

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V. CAPITAL STRUCTURE OF DEMERGED COMPANY,RESULTING COMPANY 1 AND RESULTING COMPANY 2

A. As on October 31, 2017, the capital structure of HSIL is as under:

A. Authorised Share Capital	Amount (in Rs.)
11,12,50,000 Equity Shares of Rs. 2 each	22,25,00,000
Total	**22,25,00,000**

B. Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.)
7,22,96,395 Equity Shares of Rs. 2 each	14,45,93,000
Add: Forfeited Share Capital	4000
Total	**14,45,97,000**

The Management has represented that there are no outstanding instruments convertible into equity shares issued by HSIL as of the date of issue of this report, which would impact the number of equity shares of HSIL.

B. As on October 31, 2017, the capital structure of Resulting Company 1 is as under:

Authorised Share Capital	Amount (in Rs.)
50,00,000 Equity Shares of Rs. 2 each	1,00,00,000
Total	**1,00,00,000**

Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.)
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

We have been informed that Resulting Company 1 would increase its authorised share capital, to the extent required under the Scheme, to accommodate the fresh issuance of its equity shares to HSIL upon approval of demerger of Demerged Undertaking 1.



C. As on November 8, 2017, the capital structure of Resulting Company 2 is as under:

Authorised Share Capital	Amount (Rs.)
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	10,00,000
Issued, Subscribed and Paid-up Share Capital	**Amount (Rs.)**
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	10,00,000

VI. APPROACH - BASIS FOR PROPOSED DEMERGER

The Scheme contemplates the proposed demerger of the Undertakings pursuant to the Composite Scheme of Arrangement under the relevant provisions of the Act. Arriving at the Fair Share Entitlement Ratio for the Proposed Demerger would require determining the relative values of the concerned businesses and shares of the companies. These values are to be determined independently but on a relative basis, and without considering the effect of the Proposed Demerger.

The Proposed Demerger envisages the demerger of the Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2 respectively, with equity shares of Resulting Company 1, being issued to the shareholders of HSIL for transfer of the Demerged Undertakings. This requires the relative valuation of the relevant Businesses of Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL for determination of a Fair Share Entitlement Ratio for the Proposed Demerger.

There are several commonly used and accepted methods for determining the Fair Share Entitlement Ratio for the Proposed Demerger, which have been considered in the present case, to the extent relevant and applicable, including:

1. Net Asset Value method
2. Comparable Companies' Multiples method / Earnings Capitalisation Value method
3. Market Price method
4. Discounted Cash Flows method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgement, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is therefore mainly used in case where the firm is to be liquidated or in case where the asset base dominates earnings capability. A scheme of demerger would normally be proceeded with, on the assumption that the companies / businesses demerge as going concerns and an actual realization of the operating assets is not contemplated. The operating assets are therefore considered at their book values. In such a going concern scenario, the relative earning power is of importance to the basis of demerger, with the values arrived at on the net asset basis being of limited relevance.

We have been provided with projected balance sheets of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL as at March 31 2018. We have computed the Net Asset Value of these businesses accordingly and for the reasons mentioned above, we have considered it appropriate only to keep the values under this method in the background for our analysis.

Comparable Companies' Multiple (CCM) / Earnings Capitalisation Value Method (ECV)

Under the CCM / ECV method, value of the equity shares of a company is arrived at by using multiples / capitalization rates derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples / capitalization rates need to be chosen carefully and adjusted for differences between the circumstances.

We have performed a search for suitable comparable companies for the Undertakings to derive an appropriate capitalization rate / multiple. In case of Demerged Undertaking 1 and Demerged Undertaking 2, there are no listed closely comparable companies which are primarily engaged in the similar businesses though there are listed comparable which have divisions engaged in the similar businesses and their combined earning multiple cannot be applied to the business earning of Demerged Undertaking 1 and Demerged Undertaking 2. In the circumstances, we have considered it appropriate not to apply this method in the present exercise.

Market Price Method



The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary / preferential issues / open offer in the shares of the company as envisaged in the overall scheme of arrangement and reported to the stock exchanges / available in the public domain.

In the present case, the shares of HSIL are listed on NSE and BSE and well traded on these stock exchanges, however, the valuation of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking cannot be calculated using the same market price and doing the split of the same on certain parameters as the different business segments have their different risk and rewards. We have computed the market value of HSIL and for the reasons mentioned above, we have considered it appropriate only to keep the value under this method in the background for our analysis.

Discounted Cash Flows (DCF) Method

The DCF method uses the future free cash flows of the firm discounted by the cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business. Considering that this method is based on future potential and is widely accepted, we have used this approach in the valuation in the present exercise.

Using the DCF analysis involves determining the following: Estimating future free cash flows:

- Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital — both debt and equity.
- Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value available to the equity shareholders of HSIL, the values arrived above under DCF method are adjusted for, inter-alia, the value of loans, cash, surplus / non-operating assets/liabilities(if any) as deemed appropriate for the purpose of our valuation analysis.

VII. BASIS OF PROPOSED SHARE ENTITLEMENT RATIO

The fair basis for the Proposed Demerger would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at-



under each of the above methodologies, for the purposes of recommending a Share Entitlement Ratio, it is necessary to arrive at a single value for the shares of the concerned undertakings. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the shares of the Undertakings but at their relative values to facilitate the determination of the share entitlement ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

We have carried out a relative valuation of the equity values of the Undertakings and have given weights to the values arrived at under different methodologies, based on their evaluation and judgement of the businesses of the Undertakings, in order to arrive at the relative values of the Undertakings in order to arrive at the Fair Share Entitlement Ratio for the Proposed Demerger.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuers and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a business. This concept is also recognised in judicial decisions.

The Fair Share Entitlement Ratio has been arrived at on the basis of a relative valuation of Undertakings based on the various methodologies explained herein earlier and various qualitative factors relevant to each Undertaking and the business dynamics and growth potentials of the businesses of the Undertakings, having regard to information base, key underlying assumptions and limitations.

We have considered the following additional factors while arriving at the Share Entitlement Ratio for the proposed demerger of CPDM Undertaking& Retail Undertaking and BPDM Undertaking of HSIL into Resulting Company 1 and Resulting Company 2 respectively:

A. Capital employed in the business;

B. Equity servicing capacity, and

C. Shareholders' profile and other relevant factors.

We are given to understand by the Management that the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 will be as per requirement of the Section 2(19AA) of the Income tax Act,1961. Accordingly, HSIL will transfer the assets and liabilities of Demerged undertaking 1 and Demerged Undertaking 2 to Resulting Company 1 and Resulting Company 2, respectively, at Book Value (as defined in the Scheme).Further, we understand that the shareholders of HSIL would be entitled to shares of Resulting Company 1 in the same proportion which they currently own shares directly in HSIL.

VIII. RECOMMENDED RATIO

It may be noted that any proposed share entitlement ratio for the Demerger can be considered as fair and reasonable, only if the proposed share entitlement ratio to be adopted does not result in any adverse consequence to the shareholders of HSIL.

Considering that ultimate shareholding of Demerged Undertaking 1 and Demerged Undertaking 2 would not change on account of the Scheme, the proposed Demerger of Demerged Undertaking 1 into Resulting Company 1 and demerger of Demerged Undertaking 2 into Resulting Company 2 would be value-neutral to ultimate shareholders of HSIL. Once the Scheme is implemented, all the equity shareholders of HSIL would be allotted equity shares of Resulting Company 1 besides their existing equity holding in HSIL. No shareholder is, under the Scheme, required to dispose-off any part of its shareholding either to any of the other shareholders or in the market or otherwise. The proposed demerger does not envisage the dilution of the effective holding of any one or more shareholders as a result of the operation of the Scheme.

The Computation of Share Entitlement ratio has been given as under:

Equity Values						
Discounted Cash Flow Method	100%	1,76,258	100%	54,182	100%	1,21,157
Net Assets Value Method	0%	1,23,671	0%	8,768	0%	20,809
Weighted average Equity Value		1,76,258		54,182		1,73,667
Less holding company discount					30%	52,157
Comparative Value (A) x (B=C)		1,76,258		54,182		1,21,510
Comparative Ratio		1,76,258		1,76,258		
Share Entitlement ratio		1.00		1		
Share Entitlement ratio (rounded off)		1:1		1		

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion, the Fair Share Entitlement Ratio for the Scheme is as follows:

> ***"Fair Share Entitlement Ratio for the Proposed Demerger – 1 (one) Equity Share of Rs. 2 each of Resulting Company 1 to be issued against 1 (one) Equity Share of face value of Rs. 2 each of HSIL."***

On the coming into effect of the scheme,

(a) the shareholding of Somany Home Innovation Limited will be a mirror image of the shareholding of HSIL Limited, as on the record date. In the instant case, the shareholding of the shareholders of the parent listed company (being HSIL Limited) shall not be affected and additionally, same number of equity shares shall be allotted to them in Somany Home Innovation Limited. So there will be no change in the shareholding pattern; and

(b) there will be no change in the shareholding of Brilloca Limited, which will continue to remain a wholly owned subsidiarity of Somany Home Innovation Limited.

Accordingly, considering that the ultimate shareholding of the shareholders in HSIL shall be replicated in the Somany Home Innovation Limited, the Scheme would be value neutral to the ultimate shareholders of HSIL Limited.



IX. SCOPE, LIMITATIONS, ASSUMPTIONS, QUALIFICATION, EXCLUSION AND DISCLAIMERS

Valuation analysis and result are specific to the purpose of valuation as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity. The valuation analysis and result are substantively based only on information contained in this report and are governed by concept of materiality.

The opinion(s) rendered in this report only represent the opinion(s) of SKS based upon information furnished by the Management and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion will however not be for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

In the course of the valuation, SKS was provided with both written and verbal information, including market, technical, financial and operating data. We have however, evaluated the information provided to us by the Management through broad inquiry (but have not carried out a due diligence or audit of the Companies/Undertakings) for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Through the above evaluation, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose. We were entitled to rely upon the information provided by the Management without detailed inquiry. Also, we have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and other information given by/on behalf of the Management. The Management has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion analysis/results. Accordingly, we assume no responsibility for any errors in the above information furnished by the Management and their impact on the present exercise. Also, we assume no responsibility for technical information furnished and believed to be reliable.

No enquiry into Companies'/Undertaking's claim to title of assets or property has been made for the purpose of this fairness opinion. With regard to Companies'/Undertaking's claim to title of assets or property, we have relied solely on representations, whether verbal or otherwise, made by the Management to us for the purpose of this report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed Companies'/Undertaking's claim to such rights, title or interest as valid for the purpose of this report. No information has been given to us about liens or encumbrances against the assets, if any, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.

Our report is neither recommending nor should it be construed as our recommending the proposed demerger or opining or certifying the compliance of the proposed demerger with the provisions of any



law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed demerger.

The fee for the report is not contingent upon the results reported.

We owe responsibility to only the directors of the Company that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this report, and our report is conditional upon an express indemnity from the Company in our favor holding us harmless from and against any cost, damage, expense and other consequence in connection with the provision of this report. This report is subject to the laws of India. Our liability would be limited to the fee received by us from the present exercise.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than for submission to NCLT, BSE Limited, National Stock Exchange Limited, other regulatory authorities and inspection by shareholders in connection with the proposed demerger, without our prior written consent. In addition, we express no opinion or recommendation as to how the shareholders of Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed demerger.

Yours faithfully,

Santosh K Singh & Co., Chartered Accountants

FRN 019877N

CA. Santosh Kumar Singh

Partner

M. No. 502320

Place: New Delhi

Date: Dec 11, 2017

Annexure 1 Definition of Demerged Undertaking 1 and Demerged Undertaking 2 from the Extract of the Scheme

(a) "**CPDM Undertaking**" means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the consumer products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various consumer products like kitchen appliances, cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers, air purifiers and water purifiers, through its chain of distributors, dealers, sub-dealers, display centres, modern trade channels, e-commerce etc., relating to the sale of such products of the consumer products division. Without prejudice and limitation to the generality of the above, the CPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the CPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the CPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule II of the Scheme);

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no objection certificates and exemptions pertaining to the CPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the CPDM Undertaking;

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the CPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the CPDM Undertaking;

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the CPDM Undertaking;

(vi) employees of the Demerged Company that are determined by the Board of

SANTOSH K. SINGH
NEW DELHI

Directors of the Demerged Company, to be substantially engaged in or in relation to the CPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees;

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the CPDM Undertaking;

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the CPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the CPDM Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "CPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the CPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the CPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(b) "**Retail Undertaking**" means and includes all the activities, business, operations and undertakings of and relating to retail business undertaking of the Demerged Company, including storing, transporting, selling, distributing and trading in furniture and home décor and other products, *inter alia*, under the 'EVOK' trademark, through its chain of retail outlets and also includes the franchise business of the Demerged Company. Without prejudice and limitation to the generality of the above, the Retail Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the Retail Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in **Schedule III** of the Scheme);

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities,

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allotments, quotas, no-objection certificates and exemptions pertaining to the Retail Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto.

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the Retail Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the Retail Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the Retail Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Retail Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Retail Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the Retail Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the Retail Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the Retail Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "Retail Undertaking" and

the determination of the Assets or Liabilities pertaining to or relatable to the Retail Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the Retail Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company).

(c) **"BPDM Undertaking"** means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I of the Scheme);

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto;

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking;

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including, but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank

balances, in connection with or relating to the BPDM Undertaking.

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the BPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "BPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the BPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the BPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company).



To,

Date- November 9, 2017

The Board of Directors,

HSIL Limited

2, Red Cross Place, Kolkata,

West Bengal - 700 001, India

Sub: Opinion on the share entitlement ratio on the proposed composite scheme of arrangement for demerger of Consumer Products Distribution & Marketing Undertaking and the Retail Undertaking from HSIL Limited to Somany Home Innovation Limited, and demerger of Building Products Distribution & Marketing Undertaking from HSIL Limited to Brilloca Limited.

Dear Members of the Board:

We understand that Board of Directors of HSIL Limited (here in after referred as "Demerged Company" or "HSIL") is considering a composite scheme of arrangement for demerger of Consumer Products Distribution and Marketing Undertaking (hereinafter referred as "CPDM Undertaking") and the Retail Undertaking from the Demerged Company to Somany Home Innovation Limited, a wholly owned subsidiary of the Demerged Company, and demerger of Building Products Distribution and Marketing Undertaking (hereinafter referred as "BPDM Undertaking") from the Demerged Company to Brilloca Limited, a wholly owned subsidiary of Somany Home Innovation Limited, with effect from the Appointed Date, i.e., 1st April 2018 or such other date as may be fixed or approved by the National Company Law Tribunal (hereinafter referred to as "NCLT"), through a composite scheme of arrangement under sections 230 – 232 of the Companies Act, 2013 (hereinafter referred to as "Act"), read with section 66 of the Act and other applicable provisions of the Act (hereinafter referred to as "Proposed Scheme").

The Proposed Scheme provides for -

a. Demerger of CPDM Undertaking and Retail Undertaking (as more particularly defined in the Proposed Scheme and hereinafter referred as "**Demerged Undertaking 1**") of the Demerged Company into its wholly owned subsidiary, Somany Home Innovation Limited ("**Resulting Company 1**"), on a going concern basis;

b. Demerger of BPDM Undertaking (as more particularly defined in the Proposed Scheme and hereinafter referred as "**Demerged Undertaking 2**") of the Demerged Company into Brilloca Limited ("**Resulting Company 2**"), a wholly owned subsidiary of the Resulting Company 1, on a going concern basis;

c. On the coming into effect of the Proposed Scheme, cancellation of the existing share capital of Resulting Company 1, which is held by the Demerged Company;

d. On the coming into effect of the Proposed Scheme, simultaneous with the cancellation of the share capital of Resulting Company 1 held by the Demerged Company, issuance of equity shares by the Resulting Company 1 to the shareholders of the Demerged Company, as per the terms and conditions more fully set forth in the Proposed Scheme, which shall be listed at BSE Limited and National Stock Exchange of India Limited (NSE) (the "**Stock Exchanges**"), where the shares of the Demerged Company are presently listed. Accordingly, post the

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coming into effect of the Proposed Scheme, there would be mirror-image, proportionate shareholding of Demerged Company and Resulting Company 1, i.e., economic interest of each of the shareholders of the Demerged Company shall remain intact and in the same ratio; and

e. Post the coming into effect of the Proposed Scheme, Resulting Company 2 will continue to remain wholly owned subsidiary of Resulting Company 1.

The share entitlement ratio for the Proposed Scheme has been determined by M/s Santosh K Singh & Co., Chartered Accountants, *vide* their valuation report dated (November 08, 2017).

In terms of Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**") read with SEBI Circular No. CFD/ DIL3/CIR/ 2017/21 dated March 10, 2017, the listed companies undertaking a scheme of arrangement are required to submit to the stock exchanges, copy of fairness opinion obtained from the Merchant Banker on the valuation of shares / assets of the companies done by the Independent valuer.

With reference to above, we, Finshore Management Services Limited, a SEBI Registered (Cat-I) Merchant Banker have been appointed by the Demerged Company to provide our fairness opinion on the same.

Brief background of the Companies involved in the Proposed Scheme, our opinion and basis for forming an opinion and caveats are as hereunder -

1. <u>Background of companies:</u>

1.1. HSIL Limited

HSIL Limited, the Demerged Company, is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. HSIL was incorporated on February 8, 1960, under the name 'Hindusthan Twyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of HSIL. The Corporate Identity Number of HSIL is L51433WB1960PLC024939. The equity shares of HSIL are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

HSIL is a multi-business corporate, which is primarily engaged in the following business activities:

(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products, UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined in the Proposed Scheme (hereinafter referred to as "**Building Products Distribution and Marketing Undertaking**" or "**BPDM Undertaking**");

FINSHORE MANAGEMENT SERVICES LIMITED
(CIN : U74900WB2011PLC169377)
Registered Office : "Anandlok"
2nd Floor, Block-A, Room No. 207,
227, A. J. C. Bose Road, Kolkata-700 020 West Bengal, India
Ph. : 033 2289 5101
Website : www.finshoregroup.com

(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined in the Proposed Scheme (hereinafter referred to as "**Consumer Products Distribution and Marketing Undertaking**" or "**CPDM Undertaking**");

(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Proposed Scheme (hereinafter referred to as "**Retail Undertaking**");

(The BPDM Undertaking, CPDM Undertaking and Retail Undertaking shall hereinafter be collectively referred to as the "**Demerged Undertakings**".)

(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. (hereinafter referred to as "**Building Products Manufacturing Undertaking**" or "**BPM Undertaking**");

(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**");

(f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures (hereinafter referred to as "**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and

(g) wind power generation (hereinafter referred to as "**Power Undertaking**").

The BPM Undertaking, CPM Undertaking, PPM Undertaking and Power Undertaking shall collectively be referred to as the "**Remaining Undertaking**".

1.2. **Somany Home Innovation Limited**

Somany Home Innovation Limited, Resulting Company 1, was incorporated on September 28, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 1 is U74900WB2017PLC222970. The registered office of Resulting Company 1 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 1 is a wholly owned subsidiary of HSIL.

Resulting Company 1 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.)

and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

1.3. **Brillroa Limited**

Brillroa Limited, Resulting Company 2, was incorporated on November 2, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 2 is U74999WB2017PLC223307. The registered office of Resulting Company 2 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 2 is wholly owned subsidiary of Resulting Company 1.

Resulting Company 2 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

2. **Basis of our opinion**

2.1. **Rationale of the Proposed Scheme (as per extract of draft Proposed Scheme of arrangement)**

2.1.1. The aforesaid businesses (as mentioned in clause 1.1 above) have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertakings (as more fully set forth in the Proposed Scheme) and the Remaining Undertaking (as more fully set forth in the Proposed Scheme) have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Proposed Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

2.1.2. The Proposed Scheme shall enable each of the respective Demerged Undertakings and the Remaining Undertaking to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

2.1.3. The implementation of this Proposed Scheme will result in:

a. creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertaking;

b. optimal monetisation and development of each of the respective businesses, including by attracting focussed investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;

c. dedicated and specialised management focus on the specific needs of the respective businesses; and

d. benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of the assets, achieving cost efficiencies and operational efficiencies.

2.1.4. The Scheme is in the interest of all the Companies involved in the Proposed Scheme, including their respective stakeholders and creditors.

2.2. **Sources of Information**

i) Draft Proposed Scheme.

ii) Valuation report dated November 8, 2017, issued by Santosh K Singh & Co., Chartered Accountants.

iii) Audited Balance Sheet and Statement of Profit & Loss along with the relevant notes of Demerged Company for the financial year ended March 31, 2017.

2.3. **Valuer's Analysis**

The Clause VIII of Share entitlement ratio report provides the ratio for the allotment of shares by resulting Company 1, for the demerger of, (a) Demerged Undertaking 1 into Resulting Company 1, and (b) Demerged Undertaking 1 into Resulting Company 2, which is as follows:-

"for every 1 (one) equity share of face value of INR 2/- (Rupees two only) each held in HSIL Limited as on the Appointed Date, the equity shareholders of HSIL Limited shall be issued 1 (one) equity share of face value Rs. 2/- (Rupees two only) each in Resulting Company 1, credited as fully paid-up."

3. <u>Conclusion and Our Opinion</u>

3.1. With reference to above and based on information provided by Management and after discussions with the Valuers, we understand that the Proposed Scheme has been structured to enable Demerged Undertakings to capitalize on growth opportunities and unlock the potential value of businesses of distinct nature of the Demerged Company. Pursuant to the Proposed Scheme, the shareholders of HSIL shall be issued shares by the Resulting Company 1, which shall also be listed on the same Stock Exchanges on which the shares of the Demerged Company are listed.

3.2. We further understand that the shares issued by the Resulting Company 1 shall be for demerger of Demerged Undertaking 1 and Demerged Undertaking 2. Considering that the Resulting Company 2, a company carrying on the business of BPDM Undertaking, continues as a wholly owned company of Resulting Company 1, it shall be held indirectly by the shareholders of HSIL Limited.

3.3. We also understand that, the proposed cancellation and reduction of share capital of the Resulting Company 1, to the extent held by the Demerged Company, will result in creation of mirror image proportionate shareholding of the Resulting Company 1, as that of the Demerged Company (i.e. economic interest of both companies shall remain intact in the hands of the shareholders of the

Demerged Company and in the same ratio). Thus, the interest of shareholders remains unaffected post the coming into effect of the Proposed Scheme.

"Considering above and subject to our caveats as provided in Annexure 1, we as a Merchant Banker hereby certify that we have reviewed the share entitlement ratio report for the Proposed Scheme of arrangement for demerger of CPDM Undertaking and Retail Undertaking of HSIL Limited to Resulting Company 1 and demerger of BPDM Undertaking of HSIL Limited to Resulting Company 2 and are of the opinion that share entitlement ratio of

a. *1 (one) equity shares of face value INR 2 (Rupees Two) each at par in Resulting Company 1 for every 1 (one) equity shares of face value of INR 2 (Rupees Two) held in the Demerged Company,*

b. *In consideration of transfer and vesting of CPDM and Retail Undertaking in Resulting Company 1 and BPDM undertaking in Resulting Company 2,*

as fair and reasonable to the equity shareholders of HSIL Limited."

Thanking You,

For Finshore Management Services Limited

FINSHORE MANAGEMENT SERVICES LIMITED Kolkata

Director

SEBI Registered Category I Merchant Banker
SEBI Registration No.: INM 000010185

Annexure

Caveats

1. Our opinion and analysis is limited to the extent of review of documents as provided to us by the Management of HSIL Limited, including the share entitlement ratio report prepared by Santosh K Singh & Co., Chartered Accountants and draft Proposed Scheme. We have relied on accuracy and completeness of all the information and explanations provided by the Management. We have not carried out any due diligence or independent verification or validation to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of demerged company/ resulting companies or their subsidiaries, if any.

2. We have no present or planned future interest in HSIL Limited / Somany Home Innovation Limited / Brilloca Limited and the fee payable for this opinion is not contingent upon the opinion reported herein. HSIL Limited has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omissions are avoided in our final opinion.

3. Our fairness opinion is not intended to and does not constitute a recommendation to any shareholders as to how such holder should vote or act in connection with the Proposed Scheme or any matter related thereto.

4. The Opinion contained herein is not intended to represent, at any time other than the date that is specifically stated, in this Report. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.

5. Our report should not be construed as an opinion or certificate certifying the compliance of the Proposed Scheme with the provisions of any law, including companies, taxation and capital markets related laws or as regards any legal implication or issues arising from the proposed demerger.

FINSHORE MANAGEMENT SERVICES LIMITED Kolkata

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5th January, 2018

To,

Vishnu Vyas
Asst. Manager,
The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East)
Mumbai 400 051

Sub: Complaints Report as per Annexure-III of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

Dear Sir/ Madam,

We refer to our letter dated November 23, 2017, regarding submission of application under Regulation 37 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 for the Composite Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, amongst HSIL Limited, Somany Home Innovation Limited, Bellora Limited and their respective Shareholders and Creditors.

In continuation of the aforesaid, we are now submitting Complaint Report for the period from November 23, 2017 to January 04, 2018 as per Annexure-III of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

We will be pleased to provide any clarification as you may require in this regard. We request you to kindly acknowledge the same.

Thanking you,

For HSIL Limited

Payal M Puri
(Company Secretary)

Encl: As Above

HSIL Limited
Corporate Office: 301-302, 3rd Floor, Park Centra, Sector-30, NH-8, Gurgaon, Haryana - 122 001. T +91-124 4979200, F +91-124-4292899/99
Registered Office: 2, Red Cross Place, Kolkata, West Bengal - 700 001. T +91-33-2240 7406/07, F +91-33-2243 7045
mail@mail.hindware.co.in | www.hindwarehomes.com | CIN No. - L51421WB1960PLC024439

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Complaints Report
(For the period form 23rd November, 2017 to 4th January, 2018)

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	4
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	4
4.	Number of complaints resolved	4
5.	Number of complaints pending	NIL

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Ms. Neeta Dipak Panchal	11.12.2017	Resolved
2.	Ms. Rajni Gujral	11.12.2017	Resolved
3.	Mr. Arvind Y. Gawde	12.12.2017	Resolved
4.	Ms. Sandhya Gandhi	23.12.2017	Resolved

For HSIL Limited

Payal M. Puri
(Company Secretary)

Name: Payal M. Puri
Address: 301-302, 3rd Floor, Park Centra, Sector 30, NH-8, Gurugram -122001
Membership No. 16068

Complain report submitted to BSE Ltd. through e-mail on January 24, 2018

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Complaints Report
(For the period form 23rd November, 2017 to 23rd January, 2018)

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	4
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	4
4.	Number of complaints resolved	4
5.	Number of complaints pending	NIL

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Neuta Dipak Panchal	11.12.2017	Resolved
2.	Rajni Gujral	11.12.2017	Resolved
3.	Arvind Y Gawde	12.12.2017	Resolved
4.	Sandhya Gandhi	23.12.2017	Resolved

For **HSIL Limited**

Payal M. Puri
(Company Secretary)

Name: Payal M. Puri
Address: 301-302, 3rd Floor, Park Centre, Sector 30, NH-8, Gurugram -122001
Membership No. 16068

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Ref: NSE/LIST/14158

April 23, 2018

The Company Secretary
HSIL Limited
301-302, Park Centra
Sector 30, National Highway 8
Gurgaon 122001

Kind Attn.: Ms. Payal M Puri

Dear Madam,

Sub: Observation Letter for Composite Scheme of Arrangement amongst HSIL Limited and Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors.

We are in receipt of the draft Composite Scheme of Arrangement amongst HSIL Limited and Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors, filed by HSIL Limited vide application dated November 23, 2017.

Based on our letter reference no Ref: NSE/LIST/34091 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated April 20, 2018, has given following comments:

a. *Company to ensure that information pertaining to action taken by SEBI against Mr. Nand Gopal Khaitan, one of the directors of HSIL Limited, in the matter of India Power Corporation Limited (erstwhile DPSC Limited), vide SEBI order no WTM/PS/OS/CFD/JUNE/2013 dated June 04, 2013 for non-compliance with MPS, is disclosed in the scheme under the heading "action taken by SEBI/RBI" and the same is brought to the notice of shareholders and Hon'ble NCLT.*

b. *Company to ensure that applicable information pertaining to unlisted entities SHIL and BI, are included in the format specified for abridged prospectus as specified in the circular.*

c. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the receipt of this letter is displayed on the website of the listed company.*

d. *The Company shall duly comply with various provisions of the Circulars.*

e. *The Company is advised that the observations of SEBI/ Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*

f. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

This Document is Digitally Signed

Signer: Hiren Narendra Shah
Date: Mon, Apr 23, 2018 14:09:09 IST
Location: NSE

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from April 23, 2018, within which the scheme shall be submitted to NCLT.

Yours faithfully,
For **National Stock Exchange of India Ltd.**

Hiren Shah
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

This Document Is Digitally Signed
Signer: Hiren Narayan Shah
Date: Mon, Apr 23, 2018 14:30:33 IST
Location: NSE

Regd. Office: Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051, India
CIN: U67120MH1992PLC069769 Tel: +91 22 26598235/36, 26598346, 26598459/26598458 Web site: www.nseindia.com

EXPERIENCE THE NEW

DCS/AMAL/PB/R37/1101/2017-18 April 24, 2018

The Company Secretary
HSIL LTD.
2, Red Cross Place ,Kolkata ,
West Bengal, 700001.

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement between HSIL Ltd, Somany Home Innovation Limited & Briloca Limited.

We are in receipt of Draft Scheme of Arrangement between HSIL Ltd, Somany Home Innovation Limited & Briloca Limited and their respective shareholders and Creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated March 21, 2018, has inter alia given the following comment(s) on the draft scheme of arrangement:

- "Company to ensure that information pertaining to action taken by SEBI against Mr Nand Gopal Khaitan, one of the Directors of HSIL, in the matter of India Power Corporation Limited (erstwhile DPSC Limited),vide SEBI order no WTM/PS/OS/CFD/JUNE/2013 dated June 04, 2013 for non-compliance with MPS, is disclosed in the scheme under the heading "action taken by SEBI/RBI" and the same is brought to the notice of shareholders and Hon'ble NCLT."
- "Company shall ensure that applicable information pertaining to unlisted SHL & Bl. is included in the abridged prospectus as per the format specified in the circular."
- "Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company."
- "Company shall duly comply with various provisions of the Circulars."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to these matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or in any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

Nida Pujari
Sr. Manager

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF HSIL LIMITED ("BOARD") EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of compromise on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders laying out in particular the share exchange ratio is required to be circulated to the shareholders along with the notice of convening the meeting. This report is submitted pursuant to the said provisions.

The Board at its meeting held on November 10, 2017, examined and approved the draft scheme of arrangement ("**Scheme**") to demerge the CPDM Undertaking and the Retail Undertaking to Somany Home Innovation Limited ("**Transferee Company 1**") and BPDM Undertaking to Bilteco Limited ("**Transferee Company 2**").

At the Board meeting, the following documents were placed before the Board for their consideration:

1. Draft Scheme of Arrangement;
2. Valuation Report dated November 8, 2017, issued by Santosh K Singh & Co ; and
3. Fairness Opinion dated November 9, 2017 issued by Finshore Management Services Limited.

Based on the review of the Scheme and aforementioned documents, the Board was of the opinion that, the effect of the proposed Scheme on the various stakeholders of HSIL Limited ("**Transferor Company**") would be as follows:

S.No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company ("**New Equity Shares**"). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation

HSIL Limited
(An ISO 9001:14001 OHSAS 18001 Certified Company)
CIN : L51433WB1960PLC024539

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T+91-33-2248 7406 / 07, Fax : +91-33-2248 7045

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301-302, III[rd] Floor Park Centra, Sector-30, NH-8, Gurgaon - 122 001 India.
T+91-124-477 9200, Fax +91-124-429 2898 / 99

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S.No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
		The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company whose name is recorded in the register of members of the Transferor Company as holding shares as of the Record Date.
2.	Promoter	Please refer to S. No. 1 above regarding effect of the Scheme on the shareholders of the Transferor Company.
3.	Non-Promoter Shareholders	
4	Key Managerial Personnel ("KMPs")/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of the Transferor Company.
5.	Creditors/ Debenture Holders	The Scheme is expected to be in the best interests of the creditors of the Transferor Company. There are no debenture holders in the Transferor Company.
6.	Depositors/ Deposit Trustee	The Transferor Company does not have any depositors or deposit trustee.
7.	Debenture Trustee	The Transferor Company has not issued any debentures
8.	Employees	(a) Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits. (b) Upon the Scheme becoming effective, all employees of the BPDM Undertaking shall be deemed to have become employees of Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits

In the opinion of the Board, the said Scheme will be fair and reasonable for all stakeholders.

For and on behalf of **HSIL LIMITED**

Name: G.C. Sultania
Designation: Director
Date: 29.01.2018

HSIL Limited
(An ISO 9001:14001 OHSAS 18001 Certified Company)
CIN : L51433WB1960PLC024539

Registered Office:
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T+91-124-477 9200, Fax +91-124-429 2698 / 99

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HSIL

HSIL 57 YEARS OF LEADERSHIP

Annexure - 10

SOMANY HOME INNOVATION LIMITED
Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001
CIN: U74999WB2017PLC222970
T- +91-33-2248 7407/5668 Email: ngoenka@hindware.co.in

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF SOMANY HOME INNOVATION LIMITED ("BOARD") EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of compromise on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders laying out in particular the share exchange ratio is required to be circulated to the shareholders along with the notice of convening the meeting. This report is submitted pursuant to the said provisions.

The Board at its meeting held on November 10, 2017, examined and approved the draft scheme of arrangement ("**Scheme**") to demerge the CPDM Undertaking and the Retail Undertaking of HSIL Limited ("**Transferor Company**") to Somany Home Innovation Limited ("**Transferee Company 1**") and the BPDM Undertaking of the Transferor Company to Brilloca Limited ("**Transferee Company 2**").

At the Board meeting, the following documents were placed before the Board for their consideration:

1. Draft Scheme of Arrangement; and
2. Valuation Report dated November 8, 2017, issued by Santosh K Singh & Co.

Based on the review of the Scheme and aforementioned documents, the Board was of the opinion that, the effect of the proposed Scheme on the various stakeholders of Transferee Company 1 would be as follows:

S. No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1, and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme Transferee Company 1 shall without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company ("**New Equity Shares**"). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation. The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company

SOMANY HOME INNOVATION LIMITED
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		whose name is recorded in the register of members of the Transferor Company as hold ng shares as of the Record Date.
2.	Promoters	Please refer to S. No. 1 above regarding effect of the Scheme on the shareholders of Transferee Company 1.
3.	Non-Promoter Shareholders	
4.	Key Managerial Personnel ("KMPs")/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of Transferee Company 1.
5.	Creditors/ Debenture Holders	The Scheme is expected to be in the best interests of the creditor of Transferee Company 1. There are no debenture holders in Transferee Company 1.
6.	Depositors/ Deposit Trustee	Transferee Company 1 does not have any depositors or any deposit trustee.
7.	Debenture Trustee	Transferee Company 1 has not issued any debentures.
8.	Employees	Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits

In the opinion of the Board, the said Scheme will be fair and reasonable for all stakeholders.

For and on behalf of **SOMANY HOME INNOVATION LIMITED**

Name: [illegible]
Designation: Director
Date: 29.01.2018

Annexure - 11

BRILLOCA LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001
CIN: U74999WB2017PLC223307
T- +91-33-22487407/5668 Email: ngoenka@hindware.co.in

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF BRILLOCA LIMITED ("BOARD") EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of compromise on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders laying out in particular the share exchange ratio is required to be circulated to the shareholders along with the notice of convening the meeting. This report is submitted pursuant to the said provisions.

The Board at its meeting held on November 10, 2017, examined and approved the draft scheme of arrangement ("**Scheme**") to demerge the CPDM Undertaking and the Retail Undertaking of HSIL Limited ("**Transferor Company**") to Somany Home Innovation Limited ("**Transferee Company 1**") and the BPDM Undertaking of the Transferor Company to Brilloca Limited ("**Transferee Company 2**").

At the Board meeting, the following documents were placed before the Board for their consideration:

1. Draft Scheme of Arrangement; and
2. Valuation Report dated November 8, 2017, issued by Santosh K Singh & Co

Based on the review of the Scheme and aforementioned documents, the Board was of the opinion that, the effect of the proposed Scheme on the various stakeholders of Transferee Company 2 would be as follows:

S.No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company ("**New Equity Shares**"). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled and from and after such cancellation The pre and post-Scheme shareholding of Transferee Company 2 will remain the same.
2.	Promoters	Please refer to S. No. 1 above regarding effect on the shareholders
3.	Non-Promoter Shareholders	

BRILLOCA LIMITED

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S.No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
4.	Key Managerial Personnel and Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of Transferee Company 2.
5.	Creditors / Debenture Holders	Transferee Company 2 does not have any creditors or debenture holders
6.	Depositors/ Deposit Trustee	Transferee Company 2 does not have any depositors or any deposit trustee.
7.	Debenture Trustee	Transferee Company 2 has not issued any debentures.
8.	Employees	Upon the Scheme becoming effective, all employees of the BPOM Undertaking shall be deemed to have become employees of Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

In the opinion of the Board, the said Scheme will be fair and reasonable for all stakeholders

For and on behalf of **BRILLOCA LIMITED**

Name: C.L.Sultania
Designation:Director
Date: 29.01.2018

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364871 / 2414
Fax : 91 11 23345188 / 23314308
E-mail : delhi@lodhaco.com

Independent Auditor's Report
To The Members of HSIL Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HSIL Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

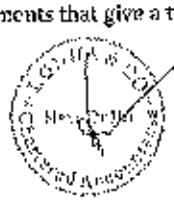
Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in



the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

Attention is drawn to Note 55(a) to the financial statement regarding the utilisation of the Business Reconstruction Reserve ('BRR') to the extent of Rs.210.64 lakh which was created in accordance with a scheme of arrangement (the scheme) approved by Hon'ble High Court of Calcutta. During the year the Company has impaired its investment in a foreign subsidiary amounting to Rs 210.64 lakh and charged the same as exceptional item to standalone statement of profit and loss and withdrawn equivalent amount from BRR.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss including the other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   (e) on the basis of the written representations received from the directors as on 31st March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;



(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of Pending litigations, on its financial position in its standalone financial statements- Refer Note 48 to the standalone Financial Statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No. 85155

Place: Gurugram
Dated: 30th May 2018

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the HSIL Limited on the standalone financial statements for the year ended 31st March 2018, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management according to the program of periodical verification in phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. As per the programme certain fixed assets were verified during the year and no material discrepancies were noticed on such physical verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company as at Balance Sheet date read with Note No. 4(6) of standalone financial statements.

(ii) As per the information and explanation given to us, the inventories of the Company (except stock lying with the third parties and goods in transit), have been physically verified by the management at reasonable intervals during the year. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.

(iii) According to the records and information and explanation made available to us, the Company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security.

(v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.

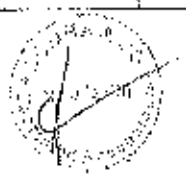
(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, goods and service tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2018.



(b) According to the records and information & explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute except as given below.

Name of the statute	Nature of dues	Period to which amount relates	Amount involved (₹ In lakh)	Forum where dispute is pending
The Central Excise Act, 1944	Central excise	1987-89	27.81	Commissioner of Central Excise, Rohtak
		2005-06	93.24	Customs, Excise and Service Tax, Appellate Tribunal
		1999-2000	24.26	Custom, Excise and Service Tax Appellate Tribunal
		2010-11	9.71	Commissioner, Mangalore
		2004-05 to 2005-06	14.00	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
		2007-08	11.09	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
		2006-07	3.33	Commissioner (Appeals)
		2015-16	8.19	Customs, Excise and Service Tax, Appellate Tribunal
Delhi Sales Tax Act,1975	Sales Tax	2004-05 to 2010-11	66.13	Add. Commissioner (Sales Tax)
Delhi Sales Tax Act,1975	Sales Tax	2010-11 to 2011-12	172.88	Spl. Comm / Commissioner (Sales Tax)
Delhi Sales Tax Act,1975	Sales Tax	2013-14	37.48	Delhi Sales Tax Tribunal
Andhra Value Added Tax Act	Sales Tax	2011-12 to 2012-13	3.75	Appellate Deputy Commissioner Rural Division, Hyderabad
Central Sales Tax Act	Sales Tax	2014-15	91.53	The Appellate Dy. Comm. Rural Division, Hyderabad
Andhra Value Added Tax Act	Sales Tax	2011-12 to 2012-13	3.75	The Appellate Dy. Comm. Rural Division, Hyderabad
Entry Tax Act, 2001	Entry Tax	F.Y 2011-12 to 2016-17	70.00	The Appellate Dy. Comm. Rural Division, Hyderabad
Finance Act, 1994	Service Tax	F.Y 2005-06 to 2006-07	1.60	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service Tax	F.Y 2010-11 to 2011-12	37.57	The Hon'ble Supreme Court of India.
Income Tax Act, 1961	Income – Tax	A.Y2012-13	3.84	Commissioner Income Tax (Appeals), Hubli



Telangana Tax on Entry of Goods into Local areas Act, 2001	Entry Tax	F.Y 2011-12 to 2016-17	3961.13	High Court Judicature of Hyderabad
The Central Sales Tax Act	Sales Tax	FY 2012-13	13.54	Dy. Commissioner (State Tax Hyderabad)
The Central Sales Tax Act	Sales Tax	FY 2014-15	71.21	Commercial Tax Officer
The Central Sales Tax Act	Sales Tax	2007-08 to 2011-12	110.98	Ass. Commissioner of Sales Tax
The Central Sales Tax Act	Sales Tax	2012-13 to 2013-14	5.50	Dy. Commissioner of Sales Tax
Maharashtra Value Added Tax Act	Sales Tax	2010-11 to 2011-12	33.56	Ass. Commissioner of Sales Tax
Maharashtra Value Added Tax Act	Sales Tax	2012-13 to 2013-14	7.36	Dy. Commissioner of Sales Tax

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). On the basis of information and explanation given to us, term loans have been applied for the purposes for which they were obtained.

(x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) On the basis of records and information and explanations made available and based on our examinations of the records of the company, the company has paid / provided managerial remuneration, in accordance with the requisite approvals mandated under Section 197 read with Schedule V of the Act.

(xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.

(xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related parties transactions entered during the year, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no.51)

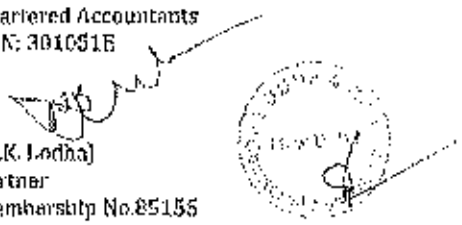
(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.



(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For LODHA & CO.
Chartered Accountants
FRN: 301051E



(N.K. Lodha)
Partner
Membership No.85155

Place: Gurugram
Dated: 30th May 2018

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of ESIL Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

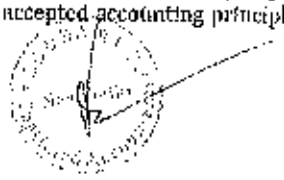
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company



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

Inherent Limitations of Internal Financial Controls Over Financial Reporting
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For LODHA & CO.
Chartered Accountants
FRN: 301051E

(N.C. Lodha)
Partner
Membership No.85155

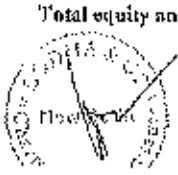
Place: Gurugram
Dated: 30th May 2018

HSIL Limited

Standalone balance sheet as at 31 March 2018

(₹ in lakh)

		Note	As at 31 March 2018	As at 31 March 2017
	ASSETS			
1	**Non-current assets**			
	(a) Property, plant and equipment	4	1,64,915.56	1,49,242.76
	(b) Capital work-in progress		20,937.50	15,157.87
	(c) Goodwill	5	2,694.22	2,694.22
	(d) Other intangible assets	6	497.07	390.79
	(e) Financial assets			
	(i) Investments	7	3,455.34	3,503.53
	(ii) Loans	8	2,972.72	1,850.68
	(iii) Other financial assets	9	27.69	34.64
	(f) Income-tax assets (net)	10	6,027.83	5,496.72
	(g) Other non-current assets	11	4,058.46	9,881.77
	Total non-current assets		2,04,686.39	1,88,182.98
2	**Current assets**			
	(a) Inventories	12	56,429.93	49,249.68
	(b) Financial assets			
	(i) Investments	13		10,455.14
	(ii) Trade receivables	14	51,408.38	39,717.19
	(iii) Cash and cash equivalents	15	23,518.70	13,956.41
	(iv) Bank balances other than (iii) above	16	456.37	425.21
	(v) Loans	17	31.36	139.87
	(vi) Other financial assets	18	2,160.69	263.93
	(c) Other current assets	19	9,808.89	6,371.15
	Total current assets		1,43,804.31	1,20,578.58
	Total assets		3,47,490.70	3,08,761.56
	EQUITY AND LIABILITIES			
1	**Equity**			
	(a) Equity share capital	20	1,445.97	1,445.97
	(b) Other equity	21	1,47,481.17	1,43,557.74
	Total equity		1,48,927.14	1,45,003.71
2	**Liabilities**			
	Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	22	53,302.06	31,732.92
	(ii) Other financial liabilities	23	5,251.40	5,501.49
	(b) Provisions	24	1,021.38	937.37
	(c) Deferred tax liabilities (net)	25	21,154.21	20,768.33
	(d) Other non-current liabilities	26	206.40	164.44
	Total non-current liabilities		79,935.45	59,204.55
	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	27	63,671.16	50,370.01
	(ii) Trade payables	28	21,756.61	19,660.37
	(iii) Other financial liabilities	29	28,565.04	30,388.54
	(b) Other current liabilities	30	4,329.74	3,836.05
	(c) Provisions	31	325.56	298.33
	Total current liabilities		1,18,628.11	1,04,553.30
	Total liabilities		1,98,563.56	1,63,757.85
	Total equity and liabilities		3,47,490.70	3,08,761.56





HSIL Limited

Notes 1 to 62 form an integral part of these standalone financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No.:301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 16068

Dr. Rajender Kumar Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Jalan
Chief Financial Officer

HSIL Limited

Standalone statement of profit and loss for the year ended 31 March 2018

(₹ in lakh)

Particulars		Note	Year ended 31 March 2018	Year ended 31 March 2017
I	Revenue from operations	32	2,28,451.27	2,22,654.68
II	Other income	33	971.32	154.64
III	Total income		2,29,422.59	2,23,309.32
IV	Expenses			
	Cost of materials consumed	34	41,743.53	37,059.49
	Purchases of stock-in-trade	35	54,683.70	43,940.06
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	36	(7,537.97)	(648.49)
	Excise duty on sales		3,500.03	15,492.15
	Employee benefits expense	37	30,887.11	28,633.03
	Finance costs	38	5,575.92	3,335.06
	Depreciation and amortisation expense	39	11,403.99	11,083.31
	Other expenses	40	77,935.96	69,248.45
	Total expenses		2,18,192.27	2,08,143.77
V	Profit before exceptional items and tax		11,230.32	14,965.55
VI	Exceptional items (refer note 55 (a) and 61		(864.79)	-
	Loss manifested from business reconstruction reserve (refer note 55 (a))		210.64	-
VII	Profit before tax		10,576.17	14,965.55
VIII	Tax expense	41		
	(1) Current tax		2,787.41	4,889.31
	Earlier year income tax		1.43	-
	(2) Deferred tax		311.45	(224.84)
	Total tax expense		3,100.09	4,664.47
IX	Profit for the year		7,476.08	10,301.08
X	Other comprehensive income			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plan		312.04	81.13
	(b) Changes in fair value of equity instruments through other comprehensive income		100.95	228.42
	(ii) Income-tax relating to these items		(74.43)	(55.94)
	Other comprehensive income, net of tax		138.56	253.61
XI	Total comprehensive income for the year		7,614.64	10,554.69
XII	Earnings per equity share (of ₹ 2/- each):			
	Basic and diluted (refer note 46)		10.34	14.25

HSIL Limited

Notes 1 to 62 form an integral part of these standalone financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No:301051E

N.K. Lodha
Partner
M. No.85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Payal M. Puri
Company Secretary
ACS No.: 16068

Sandeep Sikka
Chief Financial Officer

HSIL Limited

Standalone cash flow statement for the year ended 31 March 2018

(₹ in lakh)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	10,576.17	14,966.55
Adjustments for:		
Finance costs	5,375.92	3,335.86
Transfer from business reconstruction reserve	(210.64)	-
Investment income	(11.41)	(8.19)
Interest income	(137.82)	(187.41)
Deferred government grant	(635.32)	-
Gain on disposal of property, plant and equipment	(22.87)	(19.54)
Loss on disposal of property, plant and equipment	25.52	317.54
Net (gain) arising on current investments		(5.14)
Sundry balances and liabilities no longer required, written back	(573.50)	(208.99)
Provision for expected credit loss	569.94	527.53
Bad debts written off	3.88	0.01
Depreciation and amortisation expenses	11,403.99	11,083.31
Net foreign exchange (gain)	333.34	(361.08)
	26,697.40	29,439.45
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(13,321.10)	(952.19)
(Increase)/decrease in inventories	(7,180.25)	(1,082.77)
(Increase)/decrease in other assets	(339.74)	(5,034.23)
Increase /(decrease) in trade and other liabilities	3,206.53	5,208.57
Increase /(decrease) in provisions	91.24	154.75
Cash generated from operations	9,154.08	27,733.58
Income taxes paid	(3,379.74)	(7,281.34)
Net cash generated by operating activities	5,774.34	20,452.24
Cash flows from investing activities:		
Payments to acquire financial assets	(5,433.03)	(20,138.19)
Proceeds on sale of financial assets	26,158.41	9,743.19
Interest received	161.06	74.28
Amounts advanced to related parties	32.29	85.62
Payments for property, plant and equipment	(29,678.78)	(22,581.02)
Proceeds from disposal of property, plant and equipment	184.02	141.95
Movement in other bank balances	(34.22)	(96.81)
Net cash (used in) investing activities	(18,610.25)	(32,830.98)
Cash flows from financing activities:		
Proceeds from borrowings	26,900.00	22,986.58
Repayment of borrowings	(9,022.76)	(12,558.95)
Movement in short term borrowings (net)	13,230.46	21,152.95
Taxes on dividend paid	(588.71)	(588.71)
Dividends paid to owners of the Company	(2,882.72)	(2,890.91)
Interest paid	(5,238.07)	(3,328.07)
Net cash used in financing activities	22,398.20	24,782.89
Net increase in cash and cash equivalents:	9,562.29	12,404.15
Cash and cash equivalents at the beginning of the year	13,956.41	1,552.26
Cash and cash equivalents at the end of the year	23,518.70	13,956.41

Disclosure made pursuant to amendment made in Ind AS-7 :-

The movement in liabilities from financing activities

		Cash Flows	Non-Cash Flow Changes		
	As at 31st March 2017		Foreign Exchange	Other	As at 31st March 2018
Long term borrowings	40,266.20	17,877.24	62.65	635.32	59,551.10
Short term borrowings	50,371.00	13,230.46	70.69	-	63,672.16
Total liabilities from financing activities	90,178.90	31,107.70	133.34	635.32	1,23,008.26

Notes 1 to 62 forms an integral part of these standalone financial statements.
In terms of our report attached

For Lodha & Co
Chartered Accountants
Firm Registration No:301051E

M.K. Lodha
Partner
M. No. 83155
Place : Gurugram
Date : 30 May 2018

Manish Sonthalia
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 36088

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00083557

Sandeep Sikka
Chief Financial Officer

HSIL Limited

Standalone statement of changes in equity for the year ended 31 March 2018

a. Equity share capital

(₹ in lakh)

Particulars	Number of shares	Amount
Issued and paid up capital		
Balance as at 1 April 2016	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2017	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018	7,22,96,395	1,445.97

b. Other equity

(₹ in lakh)

Particulars	Reserves and surplus						Other comprehensive income		Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 1 April 2016	80.92	45,497.67	24,905.64	15.00	20,419.58	44,656.64	(81.51)	1,792.05	1,37,394.37
Profit for the year	-	-	-	-	-	10,301.08	-	-	10,301.08
Other comprehensive income for the year (net of income tax)	-	-	-	-		-	52.60	200.21	252.81
Total comprehensive income for the year	-	-	-	-	-	10,301.08	52.60	200.21	10,554.69
Less: transactions with owners in their capacity as owners									
Payment of equity dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57	-	-	3,480.57
Less: Transfer to statement of profit and loss during the year (also refer note 55(c))	-	-	-	-	838.62	-	-	-	838.62
Less: Deferred tax charge on business reconstruction reserve for the year	-	-	-	-	(27.85)	-	-	-	(27.85)
Balance as at 31 March 2017	80.92	45,497.67	24,905.64	15.00	19,608.85	51,477.15	(28.91)	1,992.26	1,43,557.74
Profit for the year	-	-	-	-	-	7,476.02	-	-	7,476.02
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	72.89	65.67	138.56
Total comprehensive income for the year	-	-	-	-	-	7,476.02	72.89	65.67	7,614.54
Less									
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57	-	-	3,480.57
Transfer to statement of profit and loss during the year (also refer note 55(c))	-	-	-	-	210.64	-	-	-	210.64
Balance as at 31 March 2018	80.92	45,497.67	24,905.64	15.00	19,398.20	55,482.66	43.98	2,056.93	1,47,481.17

HSIL Limited

Notes 1 to 52 form an integral part of these standalone financial statements
In terms of our report attached.

For Lodha & Co
Chartered Accountants
Firm Registration No:301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurgaon
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00052537

Payal Dr. Puri
Company Secretary
ACS No.: 16058

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00052457

Chief Financial Officer

HSIL LIMITED GURGAON

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364871 / 2414
Fax : 91 11 23345369 / 23314309
E-mail : delhi@lodhaco.com

Independent Auditor's Report
To The Members of HSIL Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HSIL Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Statement of Consolidated Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group as at 31st March 2018, and their consolidated financial performance (including other comprehensive income), the consolidated statement of change in equity and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of five subsidiaries, whose financial statements include total assets of Rs. 416.55 Lakh, total revenues of Rs. 777.94 Lakh and net cash inflows amounting to Rs. 18.68 Lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in

so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

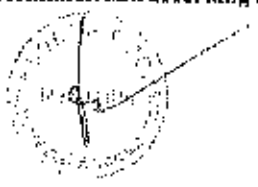
(c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the statement of change in equity and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules made thereunder.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st March 2018 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.

(f) With respect to the adequacy and the operating effectiveness of of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure A" and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration



of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph :

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 48 to the consolidated financial statements;

ii. The group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts during the year ended 31st March 2018; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies.

For LODHA & CO.
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No.85155

Place: Gurugram
Dated: 30th May 2018

"Annexure A" to the Independent Auditor's Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of IISIL Limited ('the Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

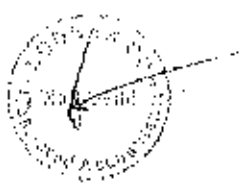
Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding company and its subsidiary companies which are incorporated in India have maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting Issued by the Institute of Chartered Accountants of India.



Other Matters

i) Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary, which is a company incorporated in India, is based on the corresponding reports of the auditor of such company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E



(N.K. Lodha)
Partner
Membership No.85155

Place: Gurugram
Dated: 30th May 2018

HSIL Limited
Consolidated balance sheet as at 31 March 2018

(₹ in lakh)

		Note	As at 31 March 2018	As at 31 March 2017
	ASSETS			
1	**Non-current assets**			
	(a) Property, plant and equipment	4	1,64,915.56	1,49,243.22
	(b) Capital work-in-progress		20,937.50	15,157.87
	(c) Goodwill	5	2,694.22	2,694.22
	(d) Other intangible assets	6	525.86	422.23
	(e) Financial assets			
	(i) Investments	7	3,247.86	3,247.11
	(ii) Loans	8	2,018.93	1,781.15
	(iii) Other financial assets	9	27.69	30.04
	(f) Income-tax assets (net)	10	6,027.85	5,436.72
	(g) Other non-current assets	11	4,058.46	9,881.77
	Total non-current assets		2,04,453.91	1,87,794.33
2	**Current assets**			
	(a) Inventories	12	56,434.10	49,249.68
	(b) Financial assets			
	(i) Investments	13	26.72	10,488.14
	(ii) Trade receivables	14	51,375.64	39,754.62
	(iii) Cash and cash equivalents	15	22,562.37	13,994.01
	(iv) Bank balances other than (iii) above	16	457.97	437.68
	(v) Loans	17	75.72	118.23
	(vi) Other financial assets	18	1,100.60	263.93
	(c) Other current assets	19	9,881.31	6,415.20
	Total current assets		1,42,914.43	1,20,688.49
	Total assets		3,47,368.34	3,08,482.82
	EQUITY AND LIABILITIES			
1	**Equity**			
	(a) Equity share capital	20	1,445.97	1,445.97
	(b) Other equity	21	1,47,300.87	1,43,206.73
	Total equity		1,48,746.84	1,44,652.70
2	**Liabilities**			
	Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	22	52,302.06	31,732.92
	(ii) Other financial liabilities	23	5,251.40	5,591.49
	(b) Provisions	24	1,022.01	958.93
	(c) Deferred tax liabilities (net)	25	21,154.21	20,766.33
	(d) Other non-current liabilities	26	201.04	154.44
	Total non-current liabilities		79,930.72	59,206.13
	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	27	63,671.16	50,370.01
	(ii) Trade payables	28	21,736.62	19,672.50
	(iii) Other financial liabilities	29	28,597.92	30,446.06
	(b) Other current liabilities	30	4,389.49	3,837.07
	(c) Provisions	31	325.59	298.35
	Total current liabilities		1,18,699.78	1,04,623.99
	Total liabilities		1,98,621.50	1,63,830.12
	Total equity and liabilities		3,47,368.34	3,08,482.82





HSIL Limited
Consolidated balance sheet as at 31 March 2018

Notes 1 to 62 form an integral part of these consolidated financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 14068

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

HSIL Limited

Consolidated statement of profit and loss for the year ended 31 March 2018

(₹ in lakh)

	Particulars	Note	Year ended 31 March 2018	Year ended 31 March 2017
I	Revenue from operations	32	2,28,778.03	2,22,973.34
II	Other income	33	967.88	455.64
III	**Total income**		2,29,745.91	2,23,428.97
IV	Expenses			
	Cost of materials consumed	34	41,743.53	37,859.39
	Purchases of stock-in-trade	35	54,686.67	44,108.34
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	36	(7,542.14)	(648.49)
	Excise duty		3,500.03	15,492.15
	Employee benefits expense	37	30,902.29	28,658.65
	Finance costs	38	5,876.01	3,348.10
	Depreciation and amortisation expense	39	11,407.09	11,086.67
	Other expenses	40	78,305.68	69,630.41
	Total expenses		2,18,879.16	2,09,734.21
V	Profit before exceptional items and tax		11,166.75	14,693.76
VI	Exceptional items	61	(554.15)	-
VII	Profit before tax		10,612.60	14,693.76
VIII	Tax expense	41		
	(1) Current tax		2,787.21	4,889.31
	Earlier year income tax		3.92	-
	(2) Deferred tax		311.45	(224.84)
	Total tax expense		3,102.58	4,664.47
IX	Profit for the year		7,410.02	10,029.29
X	Other comprehensive income			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plan		115.68	81.20
	(b) Changes in fair value of equity instruments through other comprehensive income		100.95	228.42
	(ii) Income-tax relating to these items		(74.43)	(55.94)
	Other comprehensive income, net of tax		142.20	253.68
XI	Total comprehensive income for the year		7,552.22	10,282.97
XII	Earnings per equity share (of ₹ 2/- each):			
	Basic and diluted		10.25	13.87





HSIL Limited
Consolidated statement of profit and loss for the year ended 31 March 2018

Notes 1 to 62 form an integral part of these consolidated financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co	**Sandip Somany**	**Dr. Rajendra Kumar Somany**
Chartered Accountants	Vice Chairman and Managing Director	Chairman and Managing Director
Firm Registration No.:301051E	DIN: 00053597	DIN: 00053557
N.K. Lodha	**Payal M. Patil**	**Sandeep Sikka**
Partner	Company Secretary	Chief Financial Officer
M. No. 85155	ACS No.: 16068	
Place : Gurugram		
Date : 30 May 2018		

HSIL Limited

Consolidated cash flow statement for the year ended 31 March 2018

(₹ in lakh)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	10,512.60	14,093.76
Adjustments for:		
Finance costs	5,576.01	3,348.10
Investment income	(11.41)	(8.19)
Interest income	(633.90)	(188.41)
Deferred government grant	(635.32)	
Gain on disposal of property, plant and equipment	(22.87)	(19.54)
Loss on disposal of property, plant and equipment	25.52	317.19
Net (gain) arising on current investments	(0.22)	(5.14)
Sundry balances and liabilities no longer required, written back	(574.52)	(208.99)
Provision for expected credit loss	576.59	618.20
Bad debts written off	3.88	38.21
Depreciation and amortisation expenses	11,407.09	11,686.67
Net foreign exchange (gain)	141.85	(377.95)
	26,865.30	29,293.91
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(13,625.34)	(857.27)
(Increase)/decrease in inventories	(7,184.42)	(1,082.77)
(Increase)/decrease in other assets	(360.68)	(4,957.33)
Increase /(decrease) in trade and other liabilities	3,077.55	5,153.40
Increase /(decrease) in provisions	89.59	154.56
	(18,003.50)	(1,589.41)
Cash generated from operations	8,861.80	27,704.50
Income taxes paid	(3,382.24)	(7,281.34)
Net cash generated by operating activities	5,479.56	20,423.16
Cash flows from investing activities:		
Payments to acquire financial assets	(5,045.48)	(20,184.78)
Proceeds on sale of financial assets	16,158.41	9,743.19
Interest received	157.23	75.27
Amounts advanced to related parties	(60.89)	40.78
Payments for property, plant and equipment	(29,678.78)	(22,581.04)
Proceeds from disposal of property, plant and equipment	185.55	142.30
Movement in other bank balances	(23.35)	(96.81)
Net cash (used in) investing activities	(18,309.31)	(32,861.09)
Cash flows from financing activities:		
Proceeds from borrowings	26,900.00	22,986.56
Repayment of borrowings	(9,022.76)	(12,556.97)
Movement in short term borrowings (net)	13,230.46	21,142.89
Taxes on dividend paid	(588.71)	(588.71)
Dividends paid to owners of the Company	(2,982.72)	(2,980.91)
Interest paid	(5,238.16)	(3,338.30)
Net cash used in financing activities	22,398.11	24,762.56
Net increase in cash and cash equivalents:	9,568.36	12,324.63
Cash and cash equivalents at the beginning of the year	13,994.01	1,669.38
Cash and cash equivalents at the end of the year	23,562.37	13,994.01

Disclosure made pursuant to amendment made in Ind AS-7 :

The movement in liabilities from financing activities:

		Cash Flows	Non-Cash Flow Changes		
	As at 31st March 2017		Forcing Exchange	Other	As at 31st March 2018
Long term Borrowings	40,755.89	17,872.24	62.65	635.32	59,331.10
Short term borrowings	50,370.01	13,230.46	70.69	-	63,671.16
Total Liabilities from financing activities	91,125.90	31,102.70	133.34	635.32	1,23,002.26

Notes 1 to 62 forms an integral part of these consolidated financial statements.
In terms of our report attached.

For Lodha & Co
Chartered Accountants
Firm Registration No.:301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053557

Payal M. Puri
Company Secretary

ACS No.: 16068

For and on behalf of the board of directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

HSIL Limited

Consolidated statement of changes in equity for the year ended 31 March 2018

a. Equity share capital (₹ in lakh)

Particulars	Number of shares	Amount
Issued and paid up capital		
Balance as at 1 April 2016	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2017	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018	7,22,96,395	1,445.97

b. Other equity (₹ in lakh)

Particulars	Reserves and surplus							Other comprehensive income		Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Foreign currency translation reserve	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 1 April 2016	120.80	45,497.87	24,903.64	15.00	22,663.84	42,263.73	31.86	(84.45)	1,702.03	1,37,203.51
Profit for the year	-	-	-	-	-	10,029.29	11.57	-	-	10,040.86
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-		52.40	201.28	253.68
Total comprehensive income for the year	-	-	-	-	-	10,029.29	11.57	52.40	201.28	10,294.54
Less: transactions with owners in their capacity as owners										
Payment of equity dividends (including dividend distribution tax)		-	-	-	-	3,480.57		-	-	3,480.57
Less: Transfer to statement of profit and loss during the year [also refer note 54]	-	-	-	-	838.63	-		-	-	838.63
Less: Deferred tax charge on business reconstruction reserve for the year	-	-	-	-	(27.88)	-		-	-	(27.88)
Balance as at 31 March 2017	120.80	45,497.87	24,903.64	15.00	21,252.29	49,412.45	43.43	(32.05)	1,993.31	1,43,206.73
Profit for the year	-	-	-	-	-	7,410.02	22.49	-	-	7,432.51
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-		76.53	65.67	142.20
Total comprehensive income for the year	-	-	-	-	-	7,410.02	22.49	76.53	65.67	7,574.71
Less: transactions with owners in their capacity as owners										
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57			-	3,480.57
Balance as at 31 March 2018	120.80	45,497.87	24,903.64	15.00	21,252.29	53,341.90	65.92	44.48	2,058.98	1,47,300.87

Notes 1 to 62 form an integral part of these consolidated financial statements.
In terms of our report attached.

For Lodha & Co
Chartered Accountants
Firm Registration No.:301051E

M.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 16068

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364871 / 2414
Fax : 91 11 23345168 / 23314309
E-mail : delhi@lodhaco.com

Independent Auditor's Report
To The Members of Somany Home Innovation Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Somany Home Innovation Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the period then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

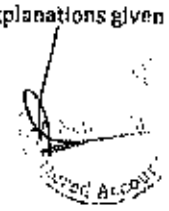
   (c) the Balance Sheet, the Statement of Profit and Loss including the other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   (e) on the basis of the written representations received from the directors as on 31st March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



i. The Company did not have any pending litigation, the impact of which is required to be disclosed/ to be provided for in financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No. 85155

Place: Gurugram
Dated: 30th May 2018

Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Somany Home Innovation Limited on the standalone financial statements for the period ended 31st March 2018, we report that:

(i) The Company does not have any fixed assets during the period. Accordingly, clause 3 (i) of the Order is not applicable.

(ii) As per the information and explanation given to us, the Company does not have any inventory during the period. Accordingly, clause 3 (ii) of the Order is not applicable.

(iii) According to the records and information and explanation made available to us, the Company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.

(v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, goods and service tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2018.

(b) According to the records and information & explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise and value added tax that have (also there was no delay in deposit and no outstanding as at 31st March 2018 for a period over 6 months) not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanation given to us , the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the period. The Company did not have any outstanding debentures during the period.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).



(x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid / provided for any managerial remuneration under the provisions of Section 197 of the Companies Act, 2013. Accordingly, clause 3(xi) of the Order is not applicable on the Company.

(xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.

(xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related parties transactions entered during the period, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no. 11)

(xiv) During the period, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No.85155
Place: New Delhi
Dated: 30th May 2018

Annexure B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Somany Home Innovation Limited** ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company



financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No.85155

Place: New Delhi
Dated: 30th May 2018

Sonisty Home Innovation Limited
Balance Sheet as at 31 March 2018

(₹)

Particulars		Note	As at 31 March 2018
	ASSETS		
1	**Non-current assets**		
	(a) Financial assets		
	(i) Investments	2	10,00,000
	Total non-current assets		**10,00,000**
2	**Current assets**		
	(a) Financial assets		
	(i) Cash and cash equivalents	3	1,63,831
	Total current assets		**1,63,831**
	Total assets		**11,63,831**
	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity share capital	4	10,00,000
	(b) Other equity	5	(5,02,719)
	Total equity		**4,97,281**
2	**Liabilities**		
	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	6	6,00,000
	(ii) Other financial liabilities	7	43,200
	(b) Other current liabilities	8	23,350
	Total current liabilities		**6,66,550**
	Total liabilities		**6,66,550**
	Total equity and liabilities		**11,63,831**

Notes 1 to 21 form an integral part of these financial statements.

In terms of our report attached,
For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30th May 2018

For and on behalf of the Board of Directors

Sandip Sotnaney
Director
DIN: 00053507

Director
DIN: 00060931

Somany Home Innovation Limited

Statement of profit and loss for the period ended 31 March 2018

(₹)

Particulars		Note	Period ended 31 March 2018
I	Revenue from operations		-
II	Other income		-
III	Total income		-
IV	Expenses		
	Finance costs	9	3,800
	Other expenses	10	4,98,919
	Total expenses		5,02,719
V	Profit / (loss) before exceptional items and tax		(5,02,719)
VI	Exceptional items		-
VII	Profit/(loss) before tax		(5,02,719)
VIII	Tax expense		
	(1) Current tax		
	(2) Deferred tax		-
	Total tax expense		-
IX	Profit/(loss) for the period		(5,02,719)
X	Other comprehensive income		
	(i) Items that will not be reclassified to profit or loss		
	(a) Remeasurements of the defined benefit plan		-
	(b) Changes in fair value of equity instruments through other comprehensive income		-
	(ii) Income tax relating to these items		-
	Other comprehensive income, net of tax		-
XI	Total comprehensive income for the period		(5,02,719)
	Earnings per equity share (of ₹ 2/- each):		
	Basic and diluted		(1.01)

Notes 1 to 21 form an integral part of these financial statements.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30th May 2018

Sandip Somany
Director
DIN: 00953597

Director
DIN: 00060931

Sooraj Home Innovation Limited
Standalone cash flow statement for the period ended 31 March 2018

Particulars	(₹) Period ended 31 March 2018
Cash flows from operating activities	
Loss before tax	(5,02,719)
Change in working capital	
Increase in trade and other payables	66,550
	66,550
Cash generated from operations	(4,36,169)
Income taxes paid	-
Net cash generated by operating activities	(4,36,169)
Cash flows from investing activities:	
Payments to acquire financial asset (Investment in subsidiary)	(10,00,000)
Net cash (used in) investing activities	(10,00,000)
Cash flows from financing activities:	
Proceeds from borrowings	6,00,000
Proceed from capital issue / Equity Shares	10,02,002
Net cash used in financing activities	16,00,000
Net increase in cash and cash equivalents	1,65,831
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	1,65,831

Since this is the first annual statements of the company, hence comparable figures are not available.

Notes - 1 to 7 form an integral part of these standalone financial statements
As per our report attached

For and on behalf of the board of directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N K Lodha
Partner
M. No. 85123
Place : Gurugram
Date : 30th May 2018

Sanjay Sooraj
Director
DIN: 00053937

Girdhari Lal Sullania
Director
DIN: 03069991

Sunmay House Innovations Limited
Significant accounting policies and other explanatory information to the standalone financial statements for the period ended 31 March 2018

Change in equity

a) Equity share capital

Particulars	As at 31 March 2018	
	No. of shares	(₹)
Authorised:		
Equity shares of ₹ 2 each	50,00,000	1,00,00,000
Issued:		
Equity shares of ₹ 2 each	5,00,000	10,00,000
Subscribed and fully paid:		
Equity shares of ₹ 2 each	5,00,000	10,00,000
	5,00,000	10,00,000

b) Statement of other equity

(₹)

Particulars	Reserves and surplus	Total
	Retained earnings	
Loss for the period	(5,02,719)	(5,02,719)
Other comprehensive income for the period (net of income tax)		
Total comprehensive income for the period	(5,02,719)	(5,02,719)
Balance as at 31 March 2018	(5,02,719)	(5,02,719)

Notes 1 to 31 form an integral part of these financial statements.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No.:301051E

N.R. Lodha
Partner
M. No. 88155
Place : Gurugram
Date : 30th May 2018

Sandip Sukhani
Director
DIN: 00053597

Girdhari Lal Sukhani
Director
DIN: 00060931

Serony Home Innovation Limited
Significant accounting policies and other explanatory information to the standalone financial statements for the period ended 31 March 2018

Note 20 - Financial instruments by category

Particulars	As at 31 March 2018		
	FVOCI	FVTPL	Amortised cost
Non current financial assets			
Investments	-	-	10,00,000
Current financial assets			
Investments	-	-	-
Trade receivable	-	-	-
Cash and cash equivalents	-	-	1,61,233
Bank balances other than cash and cash equivalents	-	-	-
Loans	-	-	-
Other financial assets	-	-	-
Total financial assets	-	-	11,61,233
Non current financial liabilities			
Non current borrowings	-	-	-
Other financial liabilities	-	-	-
Current financial liabilities			
Current borrowings	-	-	6,00,000
Trade payables	-	-	-
Other financial liabilities	-	-	43,200
Total financial liabilities	-	-	6,43,200

Note 21 - Contingent liability and other commitment NIL

As said on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No: 301051E

N.K. Lodha
Partner
M. No. 085155
Place : Gurugram
Date : 30th May 2018

Sandip Swarup
Director
DIN: 00053597

Gulshan Chhabriade
Director
DIN: 08966211

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
Fax : 91 11 23346168 / 23314308
E-mail : delhi@lodhaco.com

Independent Auditor's Report
To The Members of Brilloca Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Brilloca Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the period then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss including the other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   (e) on the basis of the written representations received from the directors as on 31st March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

i. The Company did not have any pending litigation, the impact of which is required to be disclosed/ to be provided for in financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No. 85155

Place: Gurugram
Dated: 30th May 2018

Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the BriRoca Limited on the standalone financial statements for the period ended 31st March 2018, we report that:

(i) The Company does not have any fixed assets during the period. Accordingly, clause 3 (i) of the Order is not applicable.

(ii) As per the information and explanation given to us, the Company does not have any inventory during the period. Accordingly, clause 3 (ii) of the Order is not applicable.

(iii) According to the records and information and explanation made available to us, the Company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.

(v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, goods and service tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2018.

(b) According to the records and information & explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise and value added tax that have (also there was no delay in deposit and no outstanding as at 31st March 2018 for a period over 6 months) not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the period. The Company did not have any outstanding debentures during the period.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).



(x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid / provided for any managerial remuneration under the provisions of Section 197 of the Companies Act, 2013. Accordingly, clause 3(xi) of the Order is not applicable on the Company.

(xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.

(xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related parties transactions entered during the period, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no. 10)

(xiv) During the period, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No.85155
Place: New Delhi
Dated:30th May 2018

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Brilliana Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance



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

Inherent Limitations of Internal Financial Controls Over Financial Reporting
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K.Lodha)
Partner
Membership No.085155

Place: New Delhi
Dated: 30th May 2018

Bellbuck Limited
Balance sheet as at 31 March 2018

Particulars		Note	(₹) As at 31 March 2018
	ASSETS		
1	Non-current assets		
	Total non-current assets		-
2	Current assets		
	(a) Financial assets		
	(i) Investments	2	8,56,866
	(ii) Cash and cash equivalents	3	68,603
	Total current assets		9,25,469
	Total assets		9,25,469
	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity share capital	4	10,00,000
	(b) Other equity		(1,21,831)
	Total equity		8,78,169
2	Liabilities		
	Non-current liabilities		
	Total non-current liabilities		-
	Current liabilities		
	(a) Financial liabilities		
	(i) Other financial liabilities	5	43,200
	(b) Other current liabilities	6	4,100
	Total current liabilities		47,300
	Total liabilities		47,300
	Total equity and liabilities		9,25,469

Notes 1 to 17 form an integral part of these financial statements.
In terms of our report attached

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30th May 2018

For and on behalf of the Board of Directors

Sanjib Sankhy
Director
DIN: 06953597

Director
DIN: 08960931

Srilloca Limited

Statement of profit and loss for the period ended 31 March 2018

(₹)

Particulars		Note	Period ended 31 March 2018
I	Revenue from operations		-
II	Other income	7	6,866
III	Total income		6,866
IV	Expenses		
	Other expenses	8	1,28,697
	Total expenses		1,28,697
V	Profit / (Loss) before exceptional items and tax		(1,21,831)
VI	Exceptional items		-
VII	Profit / (loss) before tax		(1,21,831)
VIII	Tax expense		
	(1) Current tax		
	(2) Deferred tax		-
	Total tax expense		-
IX	Profit / (loss) for the period		(1,21,831)
X	Other comprehensive income		
	(i) Items that will not be reclassified to profit or loss		
	(a) Remeasurements of the defined benefit plan		-
	(b) Changes in fair value of equity instruments through other comprehensive income		-
	(ii) Income-tax relating to these items		-
	Other comprehensive income, net of tax		-
XI	Total comprehensive income for the period		(1,21,831)
	Earnings per equity share (of ₹ 2/- each):		
	Basic and diluted		(0.24)

Notes 1 to 17 form an integral part of these financial statements.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 10th May 2018

Sanjiv Sinha
Director
DIN: 00053597

Dhirendra Lal Sukanta
Director
DIN: 00069031

Brillosa Limited
Cash flow statement for the period ended 31 March 2018

Particulars	(₹) Period ended 31 March 2018
Cash flows from operating activities	
Loss before tax	(1,21,831)
Adjustments for:	
Fair value gain on investments	(6,866)
	(1,28,697)
Movements in working capital:	
Increase in trade and other liabilities	47,300
	47,300
Cash generated from operations	(81,397)
Income taxes paid	-
Net cash generated by operating activities	(81,397)
Cash flows from investing activities	
Payments to acquire financial assets (investment in mutual funds)	(8,50,000)
Net cash (used in) investing activities	(8,50,000)
Cash flows from financing activities	
Proceed from capital issue (Equity Shares)	10,00,000
Net cash used in financing activities	10,00,000
Net increase in cash and cash equivalents	68,603
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	68,603

Notes 1 to 17 form an integral part of these standalone financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No: 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30th May 2018

Sandip Somany
Director
DIN: 00053597

Director
DIN: 00060933

ShiMaa Limited

Statement of change in equity

a) Equity share capital

Particulars	As at 31 March 2018	
	No. of shares	(₹)
Authorised:		
Equity shares of ₹ 10 each	5,00,000	50,00,000
Issued		
Equity shares of ₹ 10 each	5,01,000	50,00,000
Subscribed and fully paid		
Equity shares of ₹ 10 each	5,01,000	50,00,000
	5,00,000	50,00,000

b) Other equity

(₹)

Particulars	Reserves and surplus	Total
	Retained earnings	
Loss for the period	(1,21,834.19)	(1,21,834.19)
Other comprehensive income for the period (net of income tax)	-	-
Total comprehensive income for the period	(1,21,834.19)	(1,21,834.19)
Balance as at 31 March 2018	(1,21,834.19)	(1,21,834.19)

Notes 1 to 17 are an integral part of these standalone financial statements.
In terms of our report attached

For Sudhir & Co
Chartered Accountants
Firm Registration No. 000703N

N.K. Sudhir
Partner
M. No. 85155
Place: Gurugram
Date : 30th May 2018

For and on behalf of the Board of Directors

Sandeep Sarhary
Director
DIN: 08165592

Director
DIN: 07668954

Note 16 : The Company was incorporated on 02nd November 2015. Accordingly, the current accounting period are prepared for a period from 02nd September 2017 to 31st March, 2018. Hence the comparable figures are not available.

Note 17 : Contingent Liability and other contingents

Nil

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85165
Place : Kolkata
Date : 30th May 2018

Director
DIN: 00053591

Director
DIN: 00053631

SPA
INVESTMENT ADVISORS
www.spacapital.com

SPA Capital Services Ltd.
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Fax : 011-25572342
Email . info@spacapital.com

The Board of Directors, **Somany Home Innovation Limited** **2, Red Cross Place, Kolkata,** **West Bengal 700 001, India**	**The Board of Directors,** **Brilloca Limited** **2, Red Cross Place, Kolkata,** **West Bengal 700 001, India**

Sub: Certificate on adequacy and accuracy of disclosure of information pertaining to Somany Home Innovation Limited and Brilloca Limited in relation to proposed Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited

Dear Sirs,

We, SPA Capital Advisors Limited, refer to our engagement letter dated November 10, 2017 whereby HSIL Limited. ("**HSIL**" or "**Demerged Company**") has appointed us for the purpose of certifying the adequacy and accuracy of disclosure of information pertaining to Somany Home Innovation Limited ("**SHIL**") and Brilloca Limited ("**Brilloca**") pursuant to the proposed Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited pursuant to Section 230-232 of Companies Act, 2013.

Regulatory Requirement

SEBI vide its circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**SEBI Circular**") prescribed requirements to be filled by the listed entities when they propose a Scheme of Arrangement. The SEBI Circular, amongst other things, provide that in the event a listed entity enters into a Scheme of Arrangement with an unlisted entity, the listed entity shall disclose to its shareholders applicable information pertaining to the unlisted entity in the format specified for Abridged Prospectus as provided in Part D of schedule VIII of SEBI(ICDR) Regulations,2009.

Disclaimer and Limitation:

- This Certificate is a specific purpose certificate issued in terms of and in compliance with SEBI circular and hence it should not be used for any other purpose or transaction.
- This certificate contains the certification on adequacy and accuracy of disclosure of information pertaining to the unlisted entity viz., SHIL and Brilloca.
- This Certificate is issued on the basis of examination of Information and documents provided by HSIL, SHIL and Brilloca ("**All Entities**") and information which is available in the public domain and wherever required, the appropriate representation from All Entities has also been obtained.
- We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out here in this report.
- Our opinions should not be construed as us opining or certifying the compliance of the proposed Scheme of Arrangement with the provision of any law including companies, taxation, capital market, related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction.

SPA

www.spacapital.com

Certification:

We state and confirm as follows:

- We have examined various documents and other materials in connection with finalization of draft disclosure of information dated November 20, 2017, pertaining to SHIL and Brilloca ("**Abridged Prospectus**") which will be circulated to the members of All Entities at the time of seeking their consent to the proposed scheme of Arrangement between HSIL, SHIL and Brilloca as a part of explanatory statement to the notice.
- On the basis of such examination and the discussion with the management of SHIL and Brilloca, its directors, others officers and on independent verification of contents of Abridged Prospectus and other paper furnished to us , WE CONFIRM that:

1. The information contained in the Abridged Prospectus is in conformity with the relevant documents, materials and other papers related to SHIL and Brilloca.

2. The Abridged Prospectus contains applicable information pertaining to SHIL and Brilloca as required in terms of SEBI Circular which, in our view are fair, adequate and accurate to enable the members to make a well informed decision on the proposed Scheme of Arrangement.

Date – November 20, 2017

Place- New Delhi

For SPA Capital Advisors Limited

SPA Capital Advisors Limited New Delhi

Vivek Gautam
Associate Director

IN THE NATURE OF ABRIDGED PROSPECTUS/MEMORANDUM CONTAINING SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTION 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER (HEREINAFTER REFERRED TO AS THE "SCHEME")

This Document contains applicable information pertaining to Somany Home Innovation Limited, an unlisted entity involved in the proposed Composite Scheme of Arrangement ("Scheme") amongst HSIL Limited ("**Demerged Company**"), Somany Home Innovation Limited ("**SHIL**") and Brilloca Limited and their respective shareholders and creditors, in terms of the requirement specified in SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("**SEBI Circular**") read with the checklist issued by BSE Limited of the documents to be submitted along with an application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. Being a listed company, the Demerged Company is required to give the applicable information pertaining to Somany Home Innovation Limited (an unlisted company) in the format specified for an abridged prospectus as provided in Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

You may also download the Abridged Prospectus along with the Scheme as approved by the Board of Directors of HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and the Audit Committee of the Resulting Company vide their resolution dated 10th November, 2017 and copy of the Valuation report dated 8th November, 2017 issued by Santosh K Singh & Co., Chartered Accountants Fairness Report dated 9th November, 2017 issued by Finshore Management Services Limited, Merchant Banker from the websites of BSE Limited ("BSE") and NSE Limited ("NSE") where the equity shares issued pursuant to the Scheme are proposed to be listed. A copy of Abridged Prospectus shall be submitted to the Securities and Exchange Board of India ("SEBI").

SOMANY HOME INNOVATION LIMITED
Registered office: 2, Red Cross Place, Kolkata 700 001, West Bengal, India
Telephone:+91 3322487406; **Email:** ngoenka@hindware.co.in
CIN: U74999WB2017PLC222870
Contact person: Mr. Niranjan Kumar Goenka

PROMOTER

HSIL Limited

STATUTORY AUDITOR

Lodha& Co.
Chartered Accountants
12, Bhagat Singh Marg,
New Delhi110001
Telephone:01123710176

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PROMOTER OF SHIL

HSIL LIMITED ("HSIL")

HSIL Limitedis a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of the HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. HSIL was incorporated on February 8, 1960, under the name 'HindusthanTwyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware& Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware& Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009. The Corporate Identity Number of HSIL is L51439WB1960PLC024539.

The equity shares of HSIL are listed on BSE Limited and the National Stock Exchange of India Limited.

HSIL is *inter alia* engaged in the business of manufacturing, preparing, buying, selling, importing, exporting, trading and otherwise dealing in all kinds of building products (sanitaryware, faucets, tiles, other lifestyle products, UPVC and CPVC pipes, fittings, etc.), consumer products, glass packaging products, plastic packaging material, security caps and closures, wind power generation and retail business for home interior solutions.

Promoters/Promoter Group of HSIL

Sl. No.	Name of Promoter/Promoter Group	No. of Shares Held	Percentage of Shareholding
1.	Dr. Rajendra Kumar Somany	30,80,000	4.26
2.	Mr. SandipSomany	22,83,683	3.16
3.	Ms. SumitaSomany	1,61,000	0.22
4.	Ms. DivyaSomany	1,46,912	0.20
5.	Mr. ShashvatSomany	79,244	0.11
6.	Paco Exports Limited	2,12,80,000	29.43
7.	Soma Investments Limited	42,35,000	5.86
8.	New Delhi Industrial Promotors and Investors Limited	37,50,000	5.19
9.	Matterhorn Trust	100	0.00
	Total	**3,50,12,819**	**48.43**

Board of Directors and KMPs of HSIL

Sl. No.	Name of Director and KMP	Designation
1.	Dr. Rajendra Kumar Somany	Chairman and managing Director and KMP
2.	Mr. SandipSomany	Vice Chairman and managing Director and KMP
3.	Mrs. SumitaSomany	Non Executive Non Independent Director
4.	Mr. Ashok Jaipuria	Independent Director
5.	Mr. Vijay Kumar Bhandari	Independent Director

Somany Home Innovation Limited

6.	Mr. Girdhari Lal Sultania	Non Executive Non Independent Director
7.	Mr. Nand Gopal Khaitan	Independent Director
8.	Dr. Rainer S. Simon	Independent Director
9.	Mr. Salil Bhandari	Independent Director
10.	Mr Sandeep Sikka	Chief Financial Officer
11.	Ms Payal M Puri	Company Secretary

HSIL holds 5,00,000 Equity Shares of Somany Home Innovation Limited(including 6 Equity Shares through its nominees), constituting 100% of the total issued and paid up share capital of Somany Home Innovation Limited.

Financial Information of HSIL

Sl. No.	Particulars	2016-17
1.	Paid-up share capital	Rs. 1445.97 lakh (including Forfeited Share Capital amounting to Rs. 0.04 lakh).
2.	Turnover	Rs. 222980.24 lakh
3.	Profit/Loss after Tax	Rs. 10301.08 lakh
4.	Total comprehensive income after tax	Rs. 10554.69 lakh

Shareholding Pattern of HSIL as on September 30, 2017

Sl. No.	Name of Promoter	No. of Shares Held	Percentage of Shareholding
1.	Promoter and Promoter Group	3,50,12,819	48.43
2.	Public	3,72,83,576	51.57
	Total	**7,22,96,395**	**100**

List of top 5 largest listed group companies as per Part A, Schedule VIII, Regulation 2, Item (IX) (C) (2) of the SEBI (ICDR) Regulations, 2009

HSIL Limited(*For details of HSIL Limited, please refer to the Section titled 'Promoter of SHIL', above*)

BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY:

Somany Home Innovation Limited ("**SHIL**") is company incorporated on September 28, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of SHIL is U74999WB2017PLC222970. The registered office of SHIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India.

SHIL is authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances, and faucets including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials, and building chemicals and also products like fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic

wares, cement (ordinary white colouredportland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.).

At present, SHIL does not carry on any business activity. On coming into effect of the proposed Scheme, SHIL will engage in, and carry on, the business of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of HSIL.

BOARD OF DIRECTORS OF SHIL

Sl. No.	Name	Designation (independent / whole time / executive / nominee)	Experience (including current / past position held in other firms	Other Directorships
1.	Mr. SandipSomany (DIN : 00033597)	Director	Mr. SandipSomany holds a Graduate degree and a diploma in Ceramic Manufacturing technology from US. He has over 32 years of experience in the ceramics and glass industry.	**Public limited companies** (a) JK Paper Limited; (b) HSIL Limited; (c) PACO Exports Limited; (d) New Delhi Industrial Promotors and Investors Limited; and (e) Brilloca Limited **Private limited companies** (a) Somany Faucets and Showers Private limited; and (b) Grindlay Properties Private Limited. **Other firms** (a) All India Glass Mfrs'. Federation; and (b) Indian Council of Sanitaryware Manufactures.
2.	Mr. GirdhariLalSultania (DIN : 00060911)	Director	Mr. GirdhariLalSultania is a Chartered Account and a Company Secretary. He possesses vast knowledge and experience in the fields of financial restructurings, corporate laws and legal compliances.	**Public limited companies** (a) The United Provinces Sugar Company Limited; (b) Somany Ceramics Limited; (c) HSIL Limited; (d) Somany Global Limited; (e) PACO Exports Limited; (f) Ayusri Health

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Somany Home Innovation Limited

				Products Limited; (g) SR Continental Limited (h) AGI Glasspack Limited; and (i) Brilloca Limited **Private limited companies** (a) Anand Apartment Maintenance Private limited; (b) Adarsh Barter Private limited; (c) LNR Exports Private limited; (d) LNR Investments and Trades Private limited; (e) Textool Mercantile Private limited; (f) Scope Vinimoy Private Limited; (g) Pioneer Resins & Aromatics Private Limited; (h) Raipur Agrotech Private Limited, and (i) T K Ghosh Investment Private Limited;
3.	Mr. Niranjan Kumar Goenka (DIN : 00060664)	Director	Mr. Niranjan Kumar Goenka holds a graduate degree. He has over 27 years of experience in the field of finance and secretarial compliances.	**Public limited companies** (a) Schablona India Limited; (b) HSIL Associates Limited; (c) SarvottamVanijya Limited; (d) PACO Exports Limited; (e) Bhilwara Holdings Limited; (f) AGI Glasspack Limited; (g) Brilloca Limited **Private limited companies** (a) Hindware Home Retail Private

Home Innovation Limited Company

				Limited; (b) Blackberry Distributors Private Limited; (c) Textool Mercantile Private Limited; (d) Scope Vismoy Private Limited; (e) Pioneer Resins & Aromatics Private Limited; (f) Metallite Suppliers Private Limited; (g) Mango Tree Tours & Exhibitions Private Limited; (h) Raipur Agrotech Private Limited; (i) Stepping Stones Infocom Private Limited; (j) T K Ghosh Investment Private Limited.

SHAREHOLDING PATTERN AS OF [NOVEMBER 13, 2017]:

Sl. No.	Name of Shareholder	No. of Shares Held	Percentage of Shareholding
A.	Promoter and Promoter Group		
1.	HSIL Limited	4,99,994	100.00
2.	Mr. Niranjan Kumar Goenka*	1	0.00
3.	Mr. G.L. Sultania*	1	0.00
4.	Mr. Manoj Kumar Aggarwal*	1	0.00
5.	Mr. Ravi Kedia*	1	0.00
6.	Mr. Ajay Kumar Dokania*	1	0.00
7.	Dr. Rajendra Kumar Soamny*	1	0.00
B.	Public		
	-	-	-
	Total (A + B)	5,00,000	100.00

*Nominees of HSIL Limited.

AUDITED FINANCIALS

As Somany Home Innovation Limited has been incorporated recently, on September 28, 2017, there are no audited financials of the company available as on date.

INTERNAL RISK FACTORS

Somany Home Innovation Limited

1. The proposed Scheme is subject to the approval of shareholders and creditors of the respective companies, approval of the stock exchanges, SEBI and the National Company Law Tribunal. Non-receipt of approval from any of the aforementioned approvals will defeat the proposed demerger and the objects and benefits mentioned in the proposed Scheme will not be achieved.

2. Somany Home Innovation Limited, presently, does not carry on any business activity.

3. Somany Home Innovation Limited is presently an unlisted company and its equity shares are presently not available for trading on any stock exchange.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against and by Somany Home Innovation Limited and amount involved – **NIL**

B. Brief details of top 5 material outstanding litigations against Somany Home Innovation Limited and amount involved - **NIL**

C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoter / Group companies in last 5 financial years including outstanding action, if any – NIL

D. Brief details of outstanding criminal proceedings against Promoter - **NIL**

BRIEF DETAILS OF THE SCHEME

The composite scheme of arrangement ("**Scheme**") provides for the transfer and vesting of, (i) the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company to SHIL, a wholly owned subsidiary of the Demerged Company; and (ii) the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of SHIL, each as a going concern, pursuant to the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and provisions of other applicable laws.

The Appointed Date for the Scheme is April 1, 2018.

Upon the coming into effect of the Scheme and in consideration of, (i) the demerger of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company into SHIL, a wholly owned subsidiary of the Demerged Company; and (ii) the demerger of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of the SHIL, SHIL shall issue and allot to the shareholders of the Demerged Company, 1 equity share of Rs. 2 each of SHIL for every 1 equity share of Rs. 2 each of the Demerged Company.

The equity shares issued by SHIL pursuant to the Scheme are proposed to be listed on BSE Limited and the National Stock Exchange of India Limited.

The implementation of the Scheme will result in:

(a) creation of separate and distinct entities housing the demerged undertakings and remaining undertakings;

(b) optimal monetisation and development of each of the respective businesses, including by attracting focused investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;

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Somany Home Innovation Limited

(c) dedicated and specialised management focus on the specific needs of the respective businesses; and

(d) benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.

DECLARATION

We hereby declare that all relevant provisions of theSEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017("**SEBI Circular**") and Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009("**SEBI ICDR Regulations**") have been complied with and no statement made in this Document is contrary to the provisions of the SEBI Circular or the SEBI ICDR Regulations. We further certify that all statements in this Document are true and correct

For and on behalf of
Somany Home Innovation Limited

For Somany Home Innovation Limited,

Director

Name: Mr. Niranjan Kumar Goenka
Designation: Director

Place: Kolkata
Date: 17th November, 2017

IN THE NATURE OF ABRIDGED PROSPECTUS/MEMORANDUM CONTAINING SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTION 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER (HEREINAFTER REFERRED TO AS THE "SCHEME")

This Document contains applicable information pertaining to Brilloca Limited, an unlisted entity involved in the proposed Composite Scheme of Arrangement ("Scheme") amongst HSIL Limited ("Demerged Company"), Somany Home Innovation Limited ("SHIL") and Brilloca Limited and their respective shareholders and creditors, in terms of the requirement specified in SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("SEBI Circular") read with the checklist issued by BSE Limited of the documents to be submitted along with an application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Being a listed company, the Demerged Company is required to give the applicable information pertaining to Brilloca Limited(an unlisted company) in the format specified for an abridged prospectus as provided in Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

You may also download the Abridged Prospectus along with the Scheme as approved by the Board of Directors of HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and the Audit Committee of the Resulting Company vide their resolution dated 10th November, 2017 and copy of the Valuation report dated 8th November, 2017 issued by Santosh K Singh & Co., Chartered Accountants Fairness Report dated 9th November, 2017 issued by Finshore Management Services Limited, Merchant Banker from the websites of BSE Limited ("BSE") and NSE Limited ("NSE") where the equity shares issued pursuant to the Scheme are proposed to be listed. A copy of Abridged Prospectus shall be submitted to the Securities and Exchange Board of India ("SEBI").

BRILLOCA LIMITED
Registered office:2, Red Cross Place, Kolkata, West Bengal 700 001, India
Telephone: +91 33 2248 7406; Email: ngoenka@hindware.co.in
CIN: U74999WB2017PLC223307
Contact person: Mr. Niranjan Kumar Goenka
PROMOTER
Somany Home Innovation Limited
STATUTORY AUDITOR
Lodha& Co.
Chartered Accountants
12, Bhagat Singh Marg,
New Delhi 110 001
Telephone.01123710176

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PROMOTER OF BRILLOCA LIMITED

Somany Home Innovation Limited

Somany Home Innovation Limited ("SHIL")is a public limited company incorporated on September 28, 2017under the Companies Act, 2013, in the State of West Bengal.The Corporate Identity Number of SHIL is U74999WB2017PLC222970 and he registered office of SHIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. The issued, subscribed and paid-up share capital of SHILis Rs. 10,00,000, divided into 5,00,000 Equity Shares of Rs. 2 each.

SHILis authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.). At present, SHIL does not carry on any business activity. On coming into effect of the proposed Scheme, SHIL will engage in, and carry on, the business of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of HSIL .

Promoters of SHIL

Sl. No.	Name of Promoter	No. of Shares Held	Percentage of Shareholding
1.	HSIL Limited*	5,00,000	100
	Total	5,00,000	100

*6 of the Equity Shares are held by HSIL Limited though its nominees.

Board of Directors and KMPs of SHIL

Sl. No.	Name of Director and KMP	Designation
1.	Mr. GirdharLalSultania	Director
2.	Mr. Sandip Somany	Director
3.	Mr. Niranjan Kumar Goenka	Director

SHIL holds 5,00,000Equity Sharesof Brilloca Limited(including 6 Equity Shares through its nominees), constituting 100% of the totalissued and paid up share capital of Brilloca Limited.

List of top 5 largest listed group companies as per Part A, Schedule VIII, Regulation 2, Item (IX) (C) (2) of the SEBI (ICDR) Regulations, 2009

HSIL LIMITED ["HSIL"]

HSIL Limited is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of the HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. HSIL was incorporated on February 8, 1960, under the name 'Hindusthanl'wyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware& Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware& Industries Limited was

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further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2008. The Corporate Identity Number of HSIL is L51433WB1960PLC024639.

The equity shares of HSIL are listed on BSE Limited and the National Stock Exchange of India Limited.

HSIL is *inter alia* engaged in the business of manufacturing, preparing, buying, selling, importing, exporting, trading and otherwise dealing in all kinds of building products (sanitaryware, faucets, tiles, other lifestyle products, UPVC and CPVC pipes, fittings, etc.), consumer products, glass packaging products, plastic packaging material, security caps and closures, wind power generation and retail business for home interior solutions.

Promoters/Promoter Group of HSIL

Sl. No.	Name of Promoter/Promoter Group	No. of Shares Held	Percentage of Shareholding
2.	Dr. Rajendra Kumar Somany	30,80,000	4.26
3.	Mr. Sandip Somany	22,83,563	3.16
4.	Ms. SumitaSomany	1,61,000	0.22
5.	Ms. Divya Somany	1,46,912	0.20
6.	Mr. ShashvatSomany	76,244	0.11
7.	Paco Exports Limited	2,12,80,000	29.43
8.	Soma Investments Limited	42,35,000	5.86
9.	New Delhi Industrial Promotors and Investors Limited	37,50,000	5.19
10.	Matterhorn Trust	100	0.00
	Total	3,50,11,819	48.43

Board of Directors and KMPs of HSIL

Sl. No	Name of Director and KMP	Designation
1.	Dr. Rajendra Kumar Somany	Chairman and managing Director and KMP
2.	Mr. Sandip Somany	Vice Chairman and managing Director and KMP
3.	Mrs. SumitaSomany	Non Executive Non Independent Director
4.	Mr. Ashok Jaipuria	Independent Director
5.	Mr. Vijay Kumar Bhanderi	Independent Director
6.	Mr. GirdhariLalSultania	Non Executive Non Independent Director
7.	Mr. Nand Gopal Khaitan	Independent Director
8.	Dr. Rainer S. Simon	Independent Director
9.	Mr. Salil Bhandari	Independent Director
10.	Mr Sandeep Sikka	Chief Financial Officer
11.	Ms Payal M Puri	Company Secretary

HSIL holds 6,00,000 Equity Shares of Somany Home Innovation Limited (including 8 Equity Shares through its nominees), constituting 100% of the total issued and paid up share capital of Somany Home Innovation Limited.



Financial Information of HSIL

Sl. No.	Particulars	2016-17
1.	Paid-up share capital	Rs. 1446.97 lakh(including Forfeited Share Capital amounting to Rs. 0.04 lakh).
2.	Turnover	Rs. 222990.24 lakh
3.	Profit/Loss after Tax	Rs. 10301.06 lakh
4.	Total comprehensive income after tax	Rs. 10564.69 lakh

Shareholding Pattern of HSIL as on September 30, 2017

Sl. No.	Name of Promoter	No. of Shares Held	Percentage of Shareholding
1.	Promoter and Promoter Group	3,50,12,819	48.43
2.	Public	3,72,83,576	51.57
	Total	**7,22,96,395**	**100**

BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

Brilloca Limited is a company incorporated on November 2, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Brilloca Limited is U74999WB2017PLC223307. The registered office of Brilloca Limitedis situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India.

Brilloca Limitedis authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthonware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

At present, Brilloca Limited does not carry on any business activity. On coming into effect of the proposed Scheme, Brilloca Limitedwill engage in, and carry on, the business of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of HSIL Limited.

BOARD OF DIRECTORS OF BRILLOCA LIMITED

Sl. No.	Name	Designation (Independent/ Whole-time/ Executive)	Experience including current/ past position held in other firms	Other Directorships

		nominee)		
1.	Mr. SandipSomany (DIN : 00053597)	Director	Mr. Sandip Somany holds a Graduate degree and a diploma in Ceramic Manufacturing technology from US. He has over 32 years of experience in the ceramics and glass industry.	**Public limited companies** (a) JK Paper Limited; (b) HSIL Limited; (c) PACO Exports Limited; (d) New Delhi Industrial Promotors and Investors Limited; and (e) Somany Home Innovation Limited. **Private limited companies** (a) Somany Faucets and Showers Private limited;and (b) Grindlay Properties Private Limited. **Other firms** (a) All India Glass Mnfr. Federation; and (b) Indian Council of Sanitaryware Manufacturers.
2.	Mr. GirdhariLalSultania (DIN : 00060931)	Director	Mr. Girdhari Lal Sultania is a Chartered Account and a Company Secretary. He possesses vast knowledge and experience in the fields of financial restructurings, corporate laws and legal compliances.	**Public limited companies** (a) The United Provinces Sugar Company Limited; (b) Somany Ceramics Limited; (c) HSIL Limited; (d) Somany Global Limited; (e) PACO Exports Limited; (f) Ayusri Health Products Limited; (g) SR Continental Limited; (h) AGI Glasspack Limited; and

				(f) Somany Home Innovation Limited. **Private limited companies** (a) Anand Apartment Maintenance Private limited; (b) Adarsh Bartar Private limited; (c) LNR Exports Private limited; (d) LNR Investments and Trades Private limited; (e) Textool Mercantile Private limited; (f) Scope Vinimoy Private Limited, (g) Pioneer Resins & Aromatics Private Limited; (h) Raipur Agrotech Private Limited; and (i) T K Ghosh Investment Private Limited
3.	Mr. Niranjan Kumar Goenka (DIN : 00060864)	Director	Mr. Niranjan Kumar Goenka holds a graduate degree. He has over 27 years of experience in the field of finance and secretarial compliances.	**Public limited companies** (a) Schablona India Limited; (b) HSIL Associates Limited; (c) SarvottamVanijya Limited; (d) PACO Exports Limited; (e) Bhilwara Holdings Limited; (f) AGI Glasspack Limited; (g) Somany Home Innovation Limited. **Private limited companies** (a) Hindware Home Retail Private Limited; (b) Blackberry Distributors Private Limited; (c) Textool Mercantile Private Limited; (d) Scope Vinimoy Private Limited;

				(e) Pioneer Resins & Aromatics Private Limited; (f) Metallite Suppliers Private Limited; (g) Mango Tree Tours & Exhibitions Private Limited; (h) Raipur Agrotech Private Limited; (i) Stepping Stones Infocom Private Limited; (j) T K Ghosh Investment Private Limited.

SHAREHOLDING PATTERN AS ONNovember 10, 2017

Sl. No.	Name of Shareholder	No. of Shares Held	Percentage of Shareholding
A. Promoter and Promoter Group			
1.	Somany Home Innovation Limited*	4,99,994	100.00
2.	Mr. Niranjan Kumar Goenka*	1	0.00
3.	Mr. G.L. Sultania*	1	0.00
4.	Mr. Manoj Kumar Aggarwal*	1	0.00
5.	Mr. Ravi Kedia*	1	0.00
6.	Mr. Ajay Kumar Dokania*	1	0.00
7.	Dr. Rajendra Kumar Somany*	1	0.00
B. Public			
	-	-	-
	Total (A + B)	5,00,000	100.00

*Nominees of HSIL Limited.

AUDITED FINANCIALS

AsBrilloca Limitedhas been incorporated recently, on November 2, 2017, there are no audited financials of the company availeble as on date.

INTERNAL RISK FACTORS

1. The proposed Scheme is subject to the approval of shareholders and creditors of the respective companies, approval of the stock exchanges, SEBI and the National Company Law Tribunal. Non-receipt of approval from any of the aforementioned approvals will defeat the proposed demerger and the objects and benefits mentioned in the proposed Scheme will not be achieved.

2. Brilloca Limited, presently, does not carry on any business activity.

3. Brilloca Limited is an unlisted company and its equity shares are not available for trading on any stock exchange. Further, Brilloca Limited will continue to remain an unlisted company even after the proposed Scheme becomes effective.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against and by Brilloca Limitedand amount involved – NIL

B. Brief details of top 5 material outstanding litigations against Brilloca Limited and amount involved – NIL

C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoter / Group companies in last 5 financial years including outstanding action, if any – NIL

D. Brief details of outstanding criminal proceedings against Promoter - NIL

BRIEF DETAILS OF THE SCHEME

The composite scheme of arrangement ("Scheme") provides for the transfer and vesting of, **(i)** the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company to SHIL, a wholly owned subsidiary of the Demerged Company; and **(ii)** the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of SHIL, each as a going concern, pursuant to the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and provisions of other applicable laws.

The Appointed Date for the Scheme is April 1, 2018 or such other date as the National Company Law Tribunal may direct.

Upon the coming into effect of the Scheme and in consideration of, **(i)** the demerger of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company into SHIL, a wholly owned subsidiary of the Demerged Company; and **(ii)** the demerger of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of SHIL, SHIL shall, on behalf of itself and Brilloca Limited, issue and allot to the shareholders of the Demerged Company, 1 equity share of Rs. 2 each of SHIL for every 1 equity share of Rs. 2 each of the Demerged Company.

The equity shares issued by SHIL pursuant to the Scheme are proposed to be listed on BSE Limited and the National Stock Exchange of India Limited.

The implementation of the Scheme will result in:

(a) creation of separate and distinct entities housing the demerged undertakings and remaining undertakings;

(b) optimal monetisation and development of each of the respective businesses, including by attracting focused investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;

(c) dedicated and specialised management focus on the specific needs of the respective businesses; and

(d) benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.



DECLARATION

We hereby declare that all relevant provisions of the SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("**SEBI Circular**") and Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009("**SEBI ICDR Regulations**") have been complied with and no statement made in this Document is contrary to the provisions of the SEBI Circular or the SEBI ICDR Regulations. We further certify that all statements in this Document are true and correct.

For and on behalf of
Brillora Limited

For BRILLORA LIMITED

Authorised Signatory

Name: Mr. Lalit Kumar Goyal

Designation: Director

Place: Kolkata
Date: 17th November, 2017

Pre-Share holding as on 03.11.2017 and Post-Share holding as on 10.11.2017

		Transferor Company – M.S. Limited					Transferee Company – 1 (Subsidiary Metal Intermediates Limited)						Transferee Company – 2 (Brillcorp Limited)				
			Pre-arrangement		Post-arrangement			Pre-arrangement			Post-arrangement			Pre-arrangement		Post-arrangement	
Sr	Description	Name of Shareholder	No. of shares	%	No. of shares	%	Name of Shareholder	No. of shares	%	Name of Shareholder	No. of shares	%	Name of Shareholder	No. of shares	%	No. of shares	%
(A)	Shareholding of Promoter and Promoter Group																
1	Indian																
	Individuals/ Hindu Undivided Family	Names of Promoter					Names of Promoter			Names of Promoter			Names of Shareholder				
		PAVENDRA KUMAR SOMANY	3000000	6.2500	3000000	1.1200	SANJAY SOMANY	1	0.000002	RAJENDRA KUMAR SOMANY	3000000	4.3902	SANJAY SOMANY	1	0.000002	1	0.000002
		SANJAY SOMANY	2953565	6.1532	2953565	1.1026	ARANJAN KUMAR GOENKA	1	0.000002	SANJAY SOMANY	2953565	4.1526	NARAYAN KUMAR GOENKA	1	0.000002	1	0.000002
		SUNITA SOMANY	46500	0.2227	165000	0.2227	C.L. BAILDANIA	1	0.000002	SUNITA SOMANY	46500	0.2227	C.L. SULTANIA	1	0.000002	1	0.000002
		DIVYA SOMANY	54813	0.1252	54813	0.2002	AJAY KUMAR Jalan	1	0.000002	DIVYA SOMANY	54812	0.2552	AJAY KUMAR DORANIA	1	0.000002	1	0.000002
		PRASHANT SOMANY	78244	0.1788	78244	0.2756	SHARAD KUMAR AGARWAL	1	0.000002	PRASHANT SOMANY	78244	0.1052	MANOJ KUMAR AGARWAL	1	0.000002	1	0.000002
							RAVI KEDIA	1	0.000002				RAVI KEDIA	1	0.000002	1	0.000002
(B)	Central Government/ State Government(s)	Nil	0	0	0	0	Nil	0	0	Nil	0	0	Nil				
(C)	Bodies Corporate	Names					Names						Names				
		PADO EXPORTS LIMITED	21280000	39.4044	14200000	26.4044	PEL LIMITED	42560	99.9459	PADO EXPORTS LIMITED	21280000	39.4044	Somany Home Innovation Limited	449994	99.9987	449994	99.9987
		SOMA INVESTMENTS LTD	4235000	8.8578	4235000	5.8878		0	0	SOMA INVESTMENTS LTD	4235000	8.8578		0	0	0	0
		NEW DELHI INDUSTRIAL PROMOTORS AND INVESTORS LTD	4750000	9.927	4750000	3.787		0	0	NEW DELHI INDUSTRIAL PROMOTORS AND INVESTORS LTD	4750000	9.927		0	0	0	0
		MATTERHORN TRUST	100	0.0001	100	0.0001		0	0	RAJ MATTERHORN TRUST	100	0.0001		0	0	0	0
(D)	Financial Institutions/ Banks	0	0	0	0	0		0	0		0	0		0	0	0	0
(E)	Any Others	0	0	0	0	0		0	0		0	0		0	0	0	0
	Sub Total(A)(1)		33012813	68.4286	33012813	68.4286		50000	100		33012813	68.4286		500000	100	500000	100

BRILLCORP LIMITED

SOMANY HOME INNOVATION LIMITED

FOR SOMANY HOME INNOVATION LIMITED

COMPANY SECRETARY

Annexure - 17

(k)	Foreign																
(e)	Individuals (Non-Residents Individuals /Foreign Individuals)		0	0	0	0		0	0		0	0		0	0	0	0
(f)	Bodies Corporate		0	0	0	0		0	0		0	0		0	0	0	0
(g)	Institutions		0	0	0	0		0	0		0	0		0	0	0	0
(d)	Any Other		0	0	0	0		0	0		0	0		0	0	0	0
	Sub Total(A)(2)		0	0	0	0		0	0		0	0		0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		35018853	48.4286	3501Z841	48.4289		100000	100		35018853	48.4286		6000000	100	6000000	100
(B)	Public shareholder																
1	Institutions																
(a)	Mutual Funds/ UTI		9563520	25.0214	1162350	25.0214		0	0		1A1Z3520	25.0214		0	0	0	0
(b)	Financial Institutions/ Banks		249768	0.3451	248469	0.3451		0	0		249468	0.3451		0	0	0	0
(c)	Central Government/ State Government(s)		0	0	0	0		0	0		0	0		0	0	0	0
(d)	Venture Capital Funds		0	0	0	0		0	0		0	0		0	0	0	0
(e)	Insurance Companies		1000	0.0007	500	0.0007		0	0		1000	0.0007		0	0	0	0
(f)	Foreign Institutional Investors		0	0	0	0		0	0		0	0		0	0	0	0
(g)	Foreign Venture Capital Investors		0	0	0	0		0	0		0	0		0	0	0	0
(h)	Any Other							0	0					0	0	0	0
	Foreign Portfolio Investors		4572685	6.048	4373979	6.0430		0	0		4372679	6.0484		0	0	0	0
	Alternate Investment Funds		211251	0.2923	211251	0.2923		0	0		211251	0.2923		0	0	0	0
	Sub-Total (B)(1)		33557372	32.5037	29350368	32.3823		0	0		2239378	32.5037		0	0	0	0
2	Non-institutions																

For HSIL LIMITED

COMPANY SECRETARY

(c)	Bodies Corporate		1078814	2.7351	1097805	2.7832		0	0		1097805	2.7832					
(d)	Individuals													0	0	0	0
i	Individuals -i. Individual shareholders holding nominal share capital up to Rs.2 lakh		9027026	13.1897	2410589	-3.0184		0	0		9410589	13.0768		0	0	0	0
ii	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.		922258	1.349	922258	-1.3489		0	0		922258	1.34989		0	0	0	0
(e)	Any Other							0	0					0	0	0	0
	NBFCs registered with RBI		165833	0.2529	165562	-0.2514		0	0		165562	0.2518		0	0	0	0
	Clearing Member		120681	0.1779	224934	0.3162		0	0		224934	0.3102		0	0	0	0
	Non Resident Indians (NRI)		1310401	1.9743	1208147	-1.6864		0	0		1208147	1.6696		0	0	0	0
	Trusts		5100	0.0035	4000	0.0056		0	0		2500	0.0039		0	0	0	0
	HUF-Karta (HUF)		1292624	1.9827	1354517	-1.8834					1365277	1.8815		0	0	0	0
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)		35283378	51.5744	37203376	51.5704		0	0		37203376	51.5704		0	0	0	0
	TOTAL (A)+(B)		74287195	100	72254035	100		500000	100		72254035	100		500000	100	500000	100
(C)	Shares held by Custodians and against which DRs have been issued		0	0	0	0		0	0		0	0		0	0	0	0
	GRAND TOTAL (A)+(B)+(C)		74287195	100	72254035	100		500000	100		72254035	100		500000	100	500000	100

Notes:

* Promoter of HSIL Limited

** Promoter of Somany Home Innovation Limited

For HSIL LIMITED

COMPANY SECRETARY

Accounting Treatment

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 2371 0176 / 2371 0177 / 23394671 / 2414
Fax : 91 11 23346165 / 23314500
E-mail : delhi@lodhaco.com

To,
The Board of Directors,
HSIL Limited
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

We, the statutory auditors of HSIL Limited, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in Part D Clause 10.1 of the Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Somany Home Innovation Limited ("Resulting Company 1") and Bellbca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Accounting Treatment as contained in the Draft Scheme complies with the applicable Indian Accounting Standards and The Generally Accepted Accounting Principles in India . Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised), issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in Part D Clause 10.1 of the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), the Generally Accepted Accounting Principles in India.

(Relevant pages of the Draft Scheme is enclosed duly initialed).

This Certificate is issued at the request of the Company pursuant to the requirements of provisions of section 230 of The Companies Act 2013 for onward submission to the Stock Exchange, National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of

Companies], or any other regulatory authorities in relation to this Draft Scheme. This Certificate should not be used for any other purpose without our prior written consent.

This Certificate should be read together with the statement attached herewith (Annexure).

For LODHA & CO
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

Annexure to Certificate on proposed accounting treatment of Composite Scheme of Arrangement

To,
The Board of Directors,
HSIL Limited
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

1. This annexure is issued in accordance with the terms of our engagement dated 10th November, 2017 and is forming an integral part of the Auditors' Certificate dated 10th November , 2017.

2. The Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Simany Home Innovation Limited, ("Resulting Company 1") and Brilloca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), and the Generally Accepted Accounting Principles in India.

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India , is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Pursuant to the requirements of provisions of section 230 of The Companies Act 2013, our responsibility is to express reasonable assurance to the reporting criteria:

   a. whether the accounting treatment contained in the Draft Scheme complies with the applicable IND AS and the Generally Accepted Accounting Principles in India.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. Our examination did not extend to any aspects of a legal or propriety nature covered in the Draft Scheme.

8. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:

   (i) Read the Draft Scheme and the proposed accounting treatment specified therein.
   (ii) Noted that the accounting treatment contained in the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS).

Restriction on Use

The Certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of Companies Act, 2013 for onward submission to the Stock Exchange National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For LODHA & Co.
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

reduction under the provisions of Section 66 of the Companies Act, 2013 as well and no further compliances would be separately required.

9.3.3 Resulting Company 1 shall not be required to add the words "and reduced" as suffix to its name consequent upon the reduction of capital under Paragraph 9.3.2 above.

9.3.4 The reduction of capital of Resulting Company 1, as above, does not involve any diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.

9.4 The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new shareholders in Resulting Company 1, on account of the difficulties, if any, in the transition period.

9.5 Further, approval of this Scheme by the shareholders of Resulting Company 1 shall also be deemed to be the approval by the shareholders for enabling investment by foreign institutional investors / registered foreign portfolio investors, under the Portfolio Investment Scheme up to 49% of the paid up share capital of Resulting Company 1. Resulting Company 1 shall, upon the coming into effect of the Scheme, intimate the RBI and comply with such other requirements as mandated by the extant foreign exchange regulations relating thereto.

9.6 Listing of New Equity Shares

9.6.1 Post effectiveness of this Scheme, the share capital of Resulting Company 1, including the New Equity Shares to be issued and allotted by Resulting Company 1 in terms of Paragraph 9.2 above shall be listed and shall be admitted for trading on the Stock Exchanges by virtue of this Scheme and in accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017. Resulting Company 1 shall make all requisite applications and shall otherwise comply with the provisions of the aforesaid circulars and Applicable Laws and take all steps to get its share capital including the New Equity Shares issued by it in pursuance to this Scheme listed on the Stock Exchanges.

9.6.2 The New Equity Shares issued and allotted pursuant to this Scheme shall remain frozen in the depositories system until listing and trading permission is granted by the relevant designated Stock Exchange for their listing and trading. Post the issuance of the New Equity Shares by Resulting Company 1 in terms of Paragraph 9.2 of this Scheme, there shall be no change in the share capital of Resulting Company 1, including the New Equity Shares, or 'Control' in Resulting Company 1 between Record Date and the date of listing of the equity shares of Resulting Company 1, which may affect the status of the approval granted by the Stock Exchanges, and any other governmental authority in this regard.

10. ACCOUNTING TREATMENT

10.1 Accounting treatment in the books of account of the Demerged Company

10.1.1 The Board of Directors of the Demerged Company shall give effect to the Scheme in the books of account of the Demerged Company, as they deem fit, in accordance with the applicable Indian Accounting Standards and Generally Acceptable Accounting Principles.

10.1.2 The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of, (i) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:

(a) The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company.

(b) Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.

(c) Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.

(d) The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.

(e) The excess, if any, of Paragraphs 10.1.2(b) and 10.1.2(c) above, over Paragraphs 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.

(f) The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:

(i) Capital Reserve Account;

(ii) Securities Premium Account; and

(iii) General Reserves.

10.1.3 The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment in the securities premium account, as may be applicable.

10.2 **Accounting treatment in the books of Resulting Company 1**

10.2.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:

(a) The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be

LODHA
& CO
Chartered Accountants

14, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 2371 0176 / 2371 0177 / 23364871 / 2414
Fax : 91 11 23345163 / 23314309
E-mail : delhi@lodhaco.com

To,
The Board of Directors,
Somany Home Innovation Limited.
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

We, the statutory auditors of Somany Home Innovation Limited , (hereinafter referred to as 'the Company'), have examined the proposed accounting treatment specified in Part D Clause 10.2 of the Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Somany Home Innovation Limited ("Resulting Company 1") and Brillloca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Accounting Treatment as contained in the Draft Scheme complies with the applicable Indian Accounting Standards and The Generally Accepted Accounting Principles in India. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised), issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in Part D Clause 10.2 of the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), the Generally Accepted Accounting Principles in India.

[Relevant pages of the Draft Scheme is enclosed duly initialed].

This Certificate is issued at the request of the Company pursuant to the requirements of provisions of section 230 of The Companies Act 2013 for onward submission to the National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any

other regulatory authorities in relation to this Draft Scheme. This certificate should not be used for any other purpose without our prior written consent.

This Certificate should be read together with the statement attached herewith (Annexure).

For LODHA & CO
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

Annexure to Certificate on proposed accounting treatment of Composite Scheme of Arrangement

To,
The Board of Directors,
Sunray Home Innovation Limited.
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

1. This annexure is issued in accordance with the terms of our engagement dated 10th November, 2017 and is forming an integral part of the Auditors' Certificate dated 10th November , 2017.

2. The Draft Composite Scheme of Arrangement amongst JISL Limited ("the Demerged Company") and Sunray Home Innovation Limited. ("Resulting Company 1") and Brilliant Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015. and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), and the Generally Accepted Accounting Principles in India .

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India , is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Pursuant to the requirements of provisions of section 230 of The Companies Act 2013, our responsibility is to express reasonable assurance to the reporting criteria:

   a. whether the accounting treatment contained in the Draft Scheme complies with the applicable IND AS and the Generally Accepted Accounting Principles in India.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. Our examination did not extend to any aspects of a legal or propriety nature covered in the Draft Scheme.

8. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:

   (I) Read the Draft Scheme and the proposed accounting treatment specified therein.
   (II) Noted that the accounting treatment contained in the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS).

Restriction on Use

This Certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of Companies Act ,2013 for onward submission to the National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For LODHA & CO.
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

10.1.2 The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of: (a) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:

(a) The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company,

(b) Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.

(c) Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.

(d) The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.

(e) The excess, if any, of Paragraphs 10.1.2(b) and 10.1.2(c) above, over Paragraphs 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.

(f) The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:

(i) Capital Reserve Account;

(ii) Securities Premium Account; and

(iii) General Reserve.

10.1.3 The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2 Accounting treatment in the books of Resulting Company 1

10.2.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:

(a) The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be

reflected at their carrying amounts.

(b) Resulting Company 1 shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Demerged Company under Paragraph 9.2 of the Scheme.

(c) Resulting Company 1 shall record the Reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(d) The existing share capital of Resulting Company 1 shall be cancelled in accordance with Paragraph 9.3 of the Scheme.

(e) The difference, if any, from the accounting under the Paragraphs above, shall be recorded as capital reserve in the books of Resulting Company 1.

(f) Negative capital reserve, if any, created pursuant to Paragraphs above, shall be adjusted against the existing reserves of Resulting Company 1, in the manner as decided by its Board of Directors, in consultation with its Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.2.2 The existing shareholding of the Demerged Company in Resulting Company 1 shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. Face value of the equity shares so cancelled, shall be credited to the capital reserve account of Resulting Company 1.

10.2.3 The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2.4 The Board of Directors of Resulting Company 1 shall give effect to the Scheme in the books of account of Resulting Company 1, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

10.3 Accounting treatment in the books of Resulting Company 2

10.3.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall account for the demerger of the BPDM Undertaking, pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 2:

(a) The assets and liabilities of the BPDM Undertaking shall be reflected at their carrying

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
Fax : 91 11 23364668 / 23314309
E-mail : delhi@lodhaco.com

To,
The Board of Directors,
Brillloca Limited
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

We, the statutory auditors of Brillloca Limited, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in Part B Clause 10.3 of the Draft Composite Scheme of Arrangement amongst IISIL Limited ("the Demerged Company") and Somany Home Innovation Limited ("Resulting Company 1") and Brillloca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Accounting Treatment as contained in the Draft Scheme complies with the applicable Indian Accounting Standards and the Generally Accepted Accounting Principles in India. Nothing contained in this Certificate, nor anything said or done in the course of or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised), issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in Part B Clause 10.3 of the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), the Generally Accepted Accounting Principles in India.

[Relevant pages of the Draft Scheme is enclosed duly initialed].

This Certificate is issued at the request of the Company pursuant to the requirements of provisions of section 230 of the Companies Act 2013 for onward submission to the National Company Law

Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. This Certificate should not be used for any other purpose without our prior written consent.

This Certificate should be read together with the statement attached herewith (Annexure).

For LODHA & CO
Chartered Accountants
Firm Registration No : 301051E

(GAURAV LODHA)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

Annexure to Certificate on proposed accounting treatment of Composite Scheme of Arrangement

To,
The Board of Directors,
Brillica Limited,
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

1. This annexure is issued in accordance with the terms of our engagement dated 10th November, 2017 and is forming an integral part of the Auditors' Certificate dated 10th November, 2017.

2. The Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Somany Home Innovation Limited. ("Resulting Company 1") and Brillica Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), and the Generally Accepted Accounting Principles in India.

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India, is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Pursuant to the requirements of provisions of section 230 of The Companies Act 2013, our responsibility is to express reasonable assurance to the reporting criteria:

   a. whether the accounting treatment contained in the Draft Scheme complies with the applicable IND AS and the Generally Accepted Accounting Principles in India.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.



6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. Our examination did not extend to any aspects of a legal or propriety nature covered in the Draft Scheme.

8. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:

   (i) Read the Draft Scheme and the proposed accounting treatment specified therein.
   (ii) Noted that the accounting treatment contained in the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS).

Restriction on Use

The Certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of Companies Act ,2013 for onward submission to the National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For LODHA & CO.
Chartered Accountants
Firm Registration No: 301051E

(GAURAV LODHA)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

reflected at their carrying amounts.

(b) Resulting Company 1 shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Demerged Company under Paragraph 9.2 of the Scheme.

(c) Resulting Company 1 shall record the Reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(d) The existing share capital of Resulting Company 1 shall be cancelled in accordance with Paragraph 9.3 of the Scheme.

(e) The difference, if any, from the accounting under the Paragraphs above, shall be recorded as capital reserve in the books of Resulting Company 1.

(f) Negative capital reserve, if any, created pursuant to Paragraphs above, shall be adjusted against the existing reserves of Resulting Company 1, in the manner as decided by its Board of Directors, in consultation with its Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.2.2 The existing shareholding of the Demerged Company in Resulting Company 1 shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. Face value of the equity shares so cancelled, shall be credited to the capital reserve account of Resulting Company 1.

10.2.3 The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2.4 The Board of Directors of Resulting Company 1 shall give effect to the Scheme in the books of account of Resulting Company 1, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

10.3 **Accounting treatment in the books of Resulting Company 2**

10.3.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall account for the demerger of the BPDM Undertaking, pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 2:

(a) The assets and liabilities of the BPDM Undertaking shall be reflected at their carrying

amounts.

(b) Resulting Company 2 shall record the reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(c) The difference, if any, from the accounting under the Paragraphs 10.3.1(a) and (b) above shall be recorded as capital reserve.

(d) Negative capital reserve, if any, created pursuant to the Paragraphs 10.3.1(a) and (b) above, shall be adjusted against the existing reserves of Resulting Company 2, in the manner as decided by its Board of Directors, in consultation with the Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.3.2 The reduction, if any, under Paragraph 10.3.1(d) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.3.3 The Board of Directors of Resulting Company 2 shall give effect to the Scheme in the books of account of Resulting Company 2, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

11. REMAINING UNDERTAKING

11.1 The Remaining Undertaking and all the Assets, properties, rights, liabilities and obligations thereto shall continue to belong to and be vested in and be managed by the Demerged Company and Resulting Company 1 and Resulting Company 2 shall have no right, claim or obligation in relation to the Remaining Undertaking. From the Appointed Date, the Demerged Company shall carry on the activities and operations of the Remaining Undertaking distinctly and as a separate business from the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking.

11.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking shall be continued and enforced by or against the Demerged Company after the Effective Date. Resulting Company 1 and Resulting Company 2 shall in no event be responsible or liable in relation to any such legal or other proceeding against the Demerged Company.

11.3 With effect from the Appointed Date and up to, including and beyond the Effective Date, the Demerged Company:

(a) shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Undertaking for and on its own behalf; and

(b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of the Demerged Company.





BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AT KOLKATA
COMPANY APPLICATION (CAA) No. - 649 / KB OF 2018
(under Sections 230-232 of the Companies Act, 2013)
IN THE MATTER OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

AND

IN THE MATTER OF:

HSIL Limited, a company incorporated under the Companies Act, 1956 having its registered office at 2, Red Cross Place, Kolkata - 700001

...Applicant Company 1/ Transferor Company

AND

SOMANY HOME INNOVATION Limited, a company incorporated under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001

...Applicant Company 2 / Transferee Company 1

AND

BRILLOCA Limited, a company incorporated under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001

...Applicant Company 3 / Transferee Company 2

FORM OF PROXY

CIN:	L51433WB1960PLC024539
Name of the Company:	HSIL Limited
Registered Office:	2, Red Cross Place, Kolkata - 700001

Name of Secured Creditors :.....
Registered Address.....
Email ID:.....

I/ We, the undersigned, as an secured creditors of HSIL Limited ("Transferor Company"), hereby appoint:

i. Name:.....
Address:.....
Email ID:..... or failing him/her

ii. Name:.....
Address:.....
Email ID:..... or failing him/her

iii. Name:.....
Address:.....
Email ID:.....

as my/ our proxy, to act for me/ us at the meeting of the secured creditors of the Transferor Company to be held at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata - 700 001 on Saturday, the 29th day of September, 2018 at 1:00 P.M., for the purpose of considering and, if thought fit, approving, with or without modification(s), the composite scheme of arrangement between the Transferor Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 (**"Scheme"**) and at such meeting and at an adjournment or adjournments thereof, to vote, for me/ us and in my/ our name(s) _____ [here, 'if for', insert '**FOR**'; 'if against' insert '**AGAINST**', and in the latter case, strike out the words below after 'the said Scheme'] the said Scheme as my/our proxy.

Dated this _____ day of _____, 2018

Affix Re 1/- Revenue

_____
Signature of secured creditor

_____ _____ _____
Signature of first Proxy Holder | Signature of second Proxy Holder | Signature of third Proxy Holder

NOTES:

1. The Form of Proxy in order to be effective should be in the prescribed form, duly completed and signed or authenticated by the concerned person and deposited at the registered office of the Transferor Company at 2, Red Cross Place, Kolkata - 700001, **not later than 48 hours** before the scheduled time of the meeting.
2. In case of multiple proxies, proxy later in time shall be accepted.
3. Please affix a revenue stamp of Re. 1/- before signing across the same.
4. All alterations made in the Form of Proxy should be initialed.
5. Only a secured creditor of the Transferor Company is entitled to attend and vote at the Tribunal convened meeting of the secured creditors of the Transferor Company (**"Meeting"**), either in person or by proxy or through an authorized representative (in case the secured creditor is a body corporate), as the case may be. Where a body corporate which is a secured creditor authorises any person to act as its representative at the Meeting, a copy of the resolution of the board of directors or other governing body of such body corporate authorising such person to act as its representative at the Meeting, and certified to be a true copy by a director, the manager, the secretary, or other authorised officer of such body corporate shall be lodged with the Transferor Company at its registered office not later than 48 hours before the scheduled time of the Meeting.
6. Such secured creditor is entitled to appoint a proxy to attend and vote at the Meeting instead and on behalf of such secured creditor and such proxy need not be a secured creditor. Proxies to be valid and effective should be in the prescribed Form of Proxy, duly completed and signed or authenticated by the concerned person and should be deposited at the registered office of the Transferor Company not later than 48 hours before the scheduled time of the Meeting.
7. A secured creditor/ its proxy, attending the Meeting, is requested to bring the Attendance Slip duly completed, signed or authenticated by the concerned person along with a copy of the deposited Form of Proxy (in case of a proxy).
8. A secured creditor (in case such secured creditor is an individual) or the authorized representative of the secured creditor (in case such secured creditor is a body corporate) or the proxy should carry their valid and legible identity proof (i.e. a PAN Card/ Aadhaar Card/ Passport/ Driving License /Voter ID Card). Additionally, a secured creditor (in case such secured creditor is a sole proprietorship) or the proxy should carry a valid document evidencing the individual as the proprietor of the sole proprietorship.

HSIL LIMITED

CIN : L51433WB1960PLC024539
Registered Office : 2, Red Cross Place, Kolkata, West Bengal - 700 001, India
Tel. No. : 91-33-2248 7407 / 5668
E-mail : hsilinvestors@hindware.co.in, Website : www.hindwarehomes.com

ATTENDANCE SLIP

MEETING OF THE SECURED CREDITORS OF HSIL LIMITED ON SATURDAY, SEPTEMBER 29, 2018 AT 1:00 P.M.

I hereby record my presence at the meeting of the secured creditors of HSIL Limited, convened pursuant to the order dated August 2, 2018 and as amended on August 16, 2018 by the Hon'ble Bench of the National Company Law Tribunal at Kolkata in Company Application (CAA) No. 649 / KB of 2018, at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata - 700 001 on Saturday, the 29th day of September, 2018 at 1:00 P.M.

Name of the Secured Creditors : .....

Signature of the Secured Creditors : .....

OR

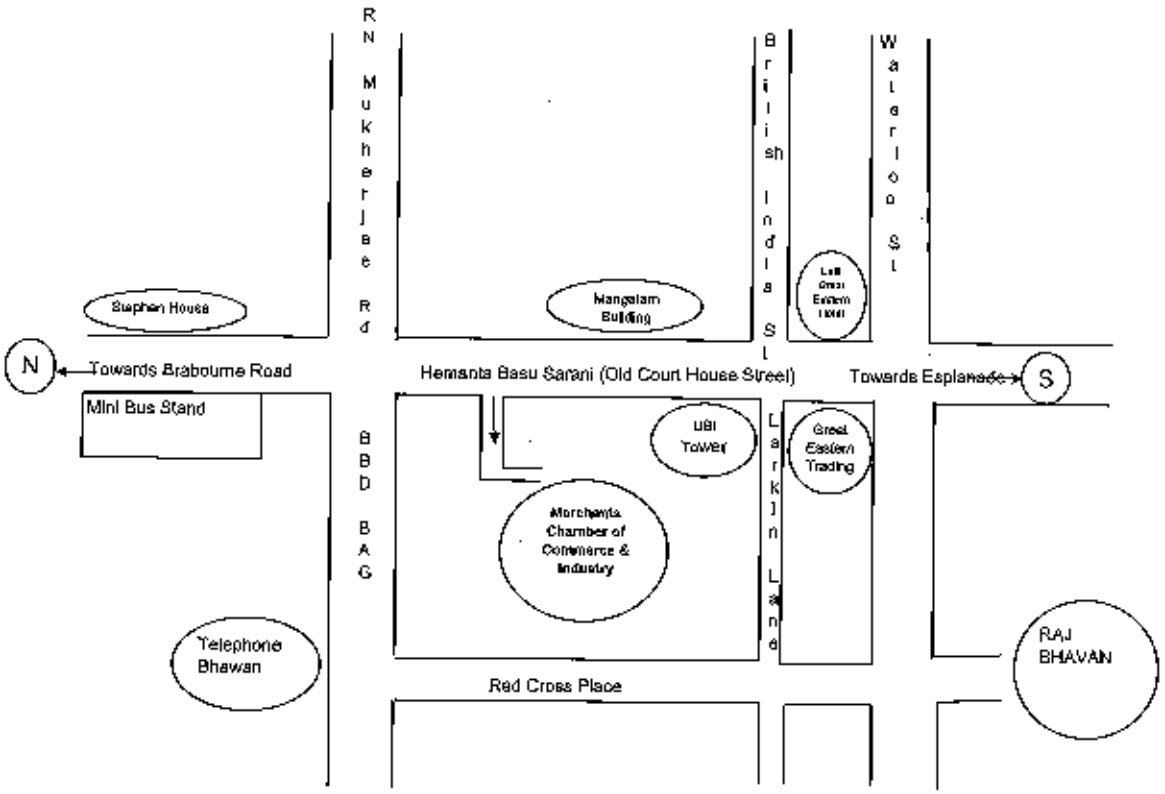
Name of the Proxy Holder : .....

Signature of the Proxy Holder : .....

NOTES:

1. Secured Creditors/ authorized representatives or their proxies attending the meeting must bring this attendance slip to the meeting and hand over the same at the entrance of the meeting venue after completing and signing the same.
2. Secured Creditors/ authorized representatives or their proxies desiring to attend the meeting should bring his/ her copy of the notice for reference at the meeting.

ROUTE MAP OF THE VENUE OF NCLT CONVEYED MEETING



HSIL LIMITED

Registered Office : 2, Red Cross Place, Kolkata - 700 001
Phone : 91-33-2248 7407 / 5668
E-mail : hsilinvestors@hindware.co.in
Website : www.hindwarehomes.com
CIN : L51433WB1960PLC024539

POSTAL BALLOT FORM
Secured Creditors

1. Name(s) & Address of Secured Creditors of HSIL Limited

2. Principal Amount due as on July 31, 2018 :

I/We hereby exercise my/our vote in respect of the following Resolutions to be passed through Postal Ballot, for the business stated in the Notice dated August 17, 2018 of the meetings of the secured Creditors of HSIL Limited by conveying my/our assent or dissent to the said Resolution by placing tick (") mark in the appropriate box below:

Description of Resolution	I / We assent to the Resolutions (FOR)	I/We Dissent to the Resolutions (AGAINST)
Approval for the proposed composite scheme of arrangement between HSIL Limited, the **Transferor Company,** Somany Home Innovation Limited, **Transferee 1** and Brilloca Limited, **Transferee 2** and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 and other matters incidental thereto.		

Place :

Date :

Signature of the Secured Creditors

Note :

1. Last date for receipt of Postal Ballot Forms by Scrutinizer is Friday, September 28, 2018 at 5:00 P.M (IST).

2. Please read the instructions printed overleaf carefully before exercising your vote.

INSTRUCTIONS

1. The Kolkata Bench of the Hon'ble National Company Law Tribunal ('NCLT'), vide Order dated August 2, 2018 and as amended on August 16, 2018 has directed that a Meeting of the Secured Creditors of the Applicants Company be convened and held at Somany Conference Hall of, Merchants' Chamber of Commerce & Industry, 15-B, Hemanta BasuSarani, Kolkata - 700 001, on Saturday, September 29, 2018 at 1-00 P.M. for the purpose of considering and if thought fit, approving, with or without modification(s), the Composite Scheme of Arrangement of **HSIL Limited, the Transferor Company, Somany Home Innovation Limited, Transferee 1 and Brilloca Limited, Transferee 2** and their respective shareholders and creditors under Section 230 to 232 and other applicable provisions of the Companies Act, 2013.

2. Pursuant to Sections 230 to 232 and Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, assent or dissent of the Secured Creditors in respect of the resolution detailed in the Notice dated August 17, 2018 is being additionally sought through Postal Ballot process.

3. The voting period for Postal Ballot shall commence on and from Thursday, August 30, 2018 at 9-00 a.m. and ends on Friday, September 28, 2018 at 5-00 p.m. IST.

4. A Secured Creditor desiring to exercise vote by Postal Ballot Form is requested to carefully read these instructions and return the duly completed form in the attached self-addressed postage pre-paid business reply envelope, so as to reach the Scrutinizer Ms. Arti Vyas, Practicing Company Secretary, on or before 5-00 p.m. on Friday, September 28, 2018. Secured creditors from whom no Postal Ballot Form in received or received after the aforesaid stipulated date shall not be counted for voting on the resolution.

5. Please convey your assent in column "FOR" or dissent in the column "AGAINST" by placing a tick (?) mark in the appropriate column in the Postal Ballot Form only. The assent or dissent received in any other form or manner shall be considered as invalid.

6. The voting right will be in proportion to the principal amount due in the name of the respective Secured Creditor as on Tuesday, July 31, 2018, being the cut-off date.

7. Voting by Postal Ballot can be exercised only by the Secured Creditor or his/her duly constituted attorney or, in case of bodies corporate, the duly authorized person. Voting rights in a Postal Ballot cannot be exercised by a Proxy. Secured Creditors can opt only one mode for voting i.e., Postal Ballot Form or Poll exercised at the Meeting.

8. Secured Creditors who have cast their votes by Postal Ballot can also attend the Meeting.

9. The self-attested envelope bears the name and address of the Scrutinizer appointed by the Chairperson as per the directions of NCLT.

10. In case the Secured Creditor is an entity, the duly completed Postal Ballot Form should be accompanied by a certified copy of the Board Resolution/Authority and preferably with attested specimen signature(s) of the duly authorized signatory(ies) giving requisite authority to the person voting on the Postal Ballot Form.

11. Secured Creditors are requested not to send any paper (other than the resolution/authority/POA) along with the Postal Ballot Form in the enclosed self-addressed postage pre-paid business reply envelope as all such envelopes will be sent to the Scrutinizer and if any extraneous paper is found in such envelope the same would not be considered and would be destroyed by the Scrutinizer.

12. An incomplete, unsigned, incorrectly completed, incorrectly ticked, defaced, torn, mutilated, overwritten, wrongly signed Postal Ballot Form will be rejected.

13. The proposed Scheme of Arrangement, if assented by majority of Secured Creditors representing three-fourth in value of those Secured Creditors who have voted either by Postal Ballot or voting by Poll at the Meeting, shall be considered as passed on the date of the Meeting i.e., Saturday, September 29, 2018. The result of the voting on the resolution will be declared on or before Monday, October 01, 2018.

14. The Scrutiniser's decision on the validity of the Postal Ballot Form shall be final.

15. Any query in relation to the resolution may be sent to hsilinvestors@hindware.co.in

HSIL

HSIL LIMITED

CIN : L51433WB1960PLC024539
Registered Office : 2, Red Cross Place, Kolkata, West Bengal - 700 001, India
Tel. No. : 91-33-2248 7407 / 5668
E-mail : hsilinvestors@hindware.co.in, Website : www.hindwarehomes.com

MEETING OF THE UNSECURED CREDITORS OF HSIL LIMITED

(convened pursuant to order dated August 02, 2018 and as amended on August 16, 2018 of the Hon'ble Kolkata Bench of the National Company Law Tribunal)

DETAILS OF THE MEETING:

Day	Saturday
Date	September 29, 2018
Time	1:30 P.M. (Indian Standard Time)
Venue	Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata 700 001

DOCUMENTS ENCLOSED:

S. No.	Contents	Page Nos.
1.	Notice of the meeting of the unsecured creditors of HSIL Limited convened pursuant to the directions of the Hon'ble National Company Law Tribunal at Kolkata (**"Tribunal"**).	5-8
2.	Statement under Section 230(3) of the Companies Act, 2013 read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.	9-32
3.	Composite Scheme of Arrangement between HSIL Limited, Somany Home Innovation Limited, Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013, as filed before the Tribunal, enclosed as **ANNEXURE 1.**	33-80
4.	Order dated August 2, 2018 and as amended on August 16, 2018 passed by the Hon'ble Tribunal in Company Application (CAA) No. 649/KB/2018, enclosed as **ANNEXURE 2**.	81-105
5.	Valuation Report dated November 8, 2017 and revised Valuation Report dated December 11, 2017 (in accordance with the format prescribed by the BSE Limited), issued by Santosh K Singh & Co., Chartered Accountants, both enclosed as **ANNEXURE 3**.	106-144
6.	Fairness Opinion dated November 9, 2017 issued by Finshore Management Services Limited, a merchant banker registered with the Securities and Exchange Board of India, enclosed as **ANNEXURE 4**.	145-151
7.	Complaint Report submitted by HSIL Limited to the National Stock Exchange of India Limited on January 5, 2018, enclosed as **ANNEXURE 5**.	152-153
8.	Complaint Report submitted by HSIL Limited to BSE Limited on January 24, 2018, enclosed as **ANNEXURE 6**.	154
9.	Observation Letter dated April 23, 2018 issued by the National Stock Exchange of India Limited to HSIL Limited, enclosed as **ANNEXURE 7.**	155-156
10.	Observation Letter dated April 24, 2018 issued by BSE Limited to HSIL Limited, enclosed as **ANNEXURE 8.**	157-158

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11.	Report adopted by the board of directors of HSIL Limited pursuant to Section 232(2)(c) of the Companies Act, 2013, enclosed as **ANNEXURE 9**.	159-160
12.	Report adopted by the board of directors of Somany Home Innovation Limited pursuant to Section 232(2)(c) of the Companies Act, 2013, enclosed as **ANNEXURE 10**.	161-162
13.	Report adopted by the board of directors of Brilloca Limited pursuant to Section 232(2)(c) of the Companies Act, 2013, enclosed as **ANNEXURE 11**.	163-164
14.	Audited financials of HSIL Limited as on March 31, 2018, enclosed as **ANNEXURE 12.**	165-196
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16.	Audited financials of Brilloca Limited as on March 31, 2018, enclosed as **ANNEXURE 14**.	209-220
17.	The applicable information of Somany Home Innovation Limited in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), as filed with the Stock Exchanges, enclosed as **ANNEXURE 15.**	221-230
18.	The applicable information of Brilloca Limited in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the SEBI ICDR, as filed with the Stock Exchanges, enclosed as **ANNEXURE 16.**	231-239
19.	Pre and post-Scheme, expected capital structure and shareholding pattern of HSIL Limited, Somany Home Innovation Limited and Brilloca Limited, respectively, enclosed as **ANNEXURE 17.**	240-242
20.	Auditor's certificates that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013, enclosed as **ANNEXURE 18.**	243-260
21.	Form of Proxy.	261-262
22.	Attendance Slip.	263
23.	Route map for the venue of the meeting.	264
24.	Postal Ballot Form with instructions and self-addressed postage pre-paid Business Reply Envelope.	Loose Leaf

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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AT KOLKATA
CA (CAA) No. 649 / KB / 2018
(under Sections 230-232 of the Companies Act, 2013)

IN THE MATTER OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

AND

IN THE MATTER OF:

HSIL LIMITED, a company incorporated under the Companies Act, 1956, having its registered office at 2, Red Cross Place, Kolkata 700 001;
...Applicant Company 1/ Transferor Company

AND

SOMANY HOME INNOVATION LIMITED, a company incorporated under the Companies Act, 2013, having its registered office at 2, Red Cross Place, Kolkata 700 001;
...Applicant Company 2/ Transferee Company 1

AND

BRILLOCA LIMITED, a company incorporated under the Companies Act, 2013, having its registered office at 2, Red Cross Place, Kolkata 700 001.
...Applicant Company 3/ Transferee Company 2

NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE UNSECURED CREDITORS OF HSIL LIMITED

Notice is hereby given that by an order dated the 2nd day of August, 2018 and as amended on 16th August, 2018 ("Order") the Hon'ble National Company Law Tribunal, Kolkata Bench (**"Tribunal"**), has directed a meeting to be held of the unsecured creditors of HSIL Limited (**"Transferor Company"**) for the purpose of considering, and if thought fit, approving with or without modification, the proposed composite scheme of arrangement between Transferor Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 (**"Scheme"**).

In pursuance of the said Order and as directed therein, further notice is hereby given that a meeting of the unsecured creditors of the Transferor Company will be held at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata 700 001 on Saturday, the 29th day of September, 2018, at 1.30 P.M. (**"Meeting"**), at which day, time and place the said unsecured creditors of the Transferor Company are requested to attend.

Copies of the said Scheme and of the statement under Section 230 of the Companies Act, 2013 read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 can be obtained free of charge on any day (except Saturday, Sunday and public holidays) at the registered office of the Transferor Company at 2, Red Cross Place, Kolkata 700 001. Persons entitled to attend and vote at the Meeting may vote in person, by proxy or through postal ballot, provided that all proxies in the prescribed form, duly completed and signed or authenticated by the concerned person, are deposited at the registered office of the Transferor Company as mentioned above not later than 48 hours before the scheduled time of the Meeting.

Forms of Proxy can be obtained free of charge on any day (except Saturday, Sunday and public holidays) at the registered office of the Transferor Company.

The Hon'ble Tribunal has appointed Mr. Somen Bose, Advocate, as the Chairperson of the Meeting, including for any adjournment(s) thereof. The Tribunal has also appointed Ms. Arti Vyas, practicing Company Secretary, as the Scrutinizer for the Meeting, including for any adjournment(s) thereof. The Scheme, if approved by the Meeting, will be subject to the subsequent approval of the Hon'ble Tribunal.

TAKE NOTICE that the following resolution is proposed under Section 230(3) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (**"Act"**) and the provisions of the memorandum of association and the articles of association of HSIL Limited (**"Transferor Company"**), for the purpose of considering, and if thought fit, approving, with or without modification(s), the proposed composite scheme of arrangement between the Transferor Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Act (**"Scheme"**).

*"**RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (**"Act"**), the applicable rules, circulars and notifications made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time, issued by the Securities and Exchange Board of India (to the extent applicable), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (to the extent applicable), the observation letter dated April 23, 2018 issued by the National Stock Exchange of India Limited and the observation letter dated April 24, 2018 issued by BSE Limited and subject to the provisions of the memorandum of association and the articles of association of HSIL Limited (**"Transferor Company"**) and subject to the approval of the Kolkata Bench of the Hon'ble National Company Law Tribunal (**"Tribunal"**) and subject to such other approvals, permissions and sanctions of any regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the board of directors of the Transferor Company (**"Board"**, which term shall be deemed to mean and include one or more committee(s) constituted/ to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), the composite scheme of arrangement between the Transferor Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Act (**"Scheme"**) as enclosed to the notice of the Tribunal convened meeting of the unsecured creditors of the Transferor Company and placed before this meeting, be and is hereby approved.*

***RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to the preceding resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/ or conditions, if any, which may be required and/ or imposed by the Tribunal while sanctioning the Scheme or by any authorities under applicable law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and/ or making such adjustments in the books of accounts of the Transferor Company as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper."*

A copy of the statement under Section 230(3) of the Act read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (**"Rules"**) (**"Explanatory Statement"**), the Scheme and other enclosures including the Form of Proxy and the Attendance Slip are enclosed and form part of the notice.

Dated this 17th day of August, 2018.

For **HSIL Limited**

Sd/-
Somen Bose
(Chairperson appointed for the meeting)

Registered Office: 2, Red Cross Place, Kolkata - 700001.
CIN: L51433WB1960PLC024539.
Email: hsilinvestors@hindware.co.in

NOTES

1. **ONLY AN UNSECURED CREDITOR OF THE TRANSFEROR COMPANY IS ENTITLED TO ATTEND AND VOTE AT THE TRIBUNAL CONVENED MEETING OF THE UNSECURED CREDITORS OF THE TRANSFEROR COMPANY ("MEETING"), EITHER IN PERSON OR BY PROXY OR THROUGH AN AUTHORIZED REPRESENTATIVE (IN CASE THE UNSECURED CREDITOR IS A BODY CORPORATE), AS THE CASE MAY BE. WHERE A BODY CORPORATE WHICH IS AN UNSECURED CREDITOR AUTHORISES ANY PERSON TO ACT AS ITS REPRESENTATIVE AT THE MEETING, A COPY OF THE RESOLUTION OF THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF SUCH BODY CORPORATE AUTHORISING SUCH PERSON TO ACT AS ITS REPRESENTATIVE AT THE MEETING, AND CERTIFIED TO BE A TRUE COPY BY A DIRECTOR, THE MANAGER, THE SECRETARY OR OTHER AUTHORISED OFFICER OF SUCH BODY CORPORATE SHALL BE LODGED WITH THE TRANSFEROR COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.**

2. **SUCH UNSECURED CREDITOR IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD AND ON BEHALF OF SUCH UNSECURED CREDITOR AND SUCH PROXY NEED NOT BE AN UNSECURED CREDITOR OF THE TRANSFEROR COMPANY. PROXIES TO BE VALID AND EFFECTIVE SHOULD BE IN THE PRESCRIBED FORM OF PROXY, DULY COMPLETED AND SIGNED OR AUTHENTICATED BY THE CONCERNED PERSON AND SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE TRANSFEROR COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.**

3. An unsecured creditor/ its proxy, attending the Meeting, is requested to bring the attendance slip duly completed, signed or authenticated by the concerned person along with a copy of the deposited Form of Proxy (in case of a proxy).

4. An unsecured creditor (In case such unsecured creditor is an individual) or the authorized representative of the unsecured creditor (In case such unsecured creditor is a body corporate) or the proxy holder, should carry their valid and legible identity proof (i.e. a PAN Card/ Aadhaar Card/ Passport/ Driving License/ Voter ID Card). Additionally, an unsecured creditor (in case such unsecured creditor is a sole proprietorship) or the proxy should carry a valid document evidencing the individual as the proprietor of the sole proprietorship.

5. The notice together with the documents accompanying the same, are being sent to all the unsecured creditors by permitted modes whose names appear in the chartered accountant's certificate certifying the list of unsecured creditors as on July 31, 2018. Such unsecured creditors shall be entitled to vote at the Meeting. The notice together with the documents accompanying the same, will be displayed on the website of the Transferor Company at (www.hindwarehomes.com), besides being communicated to the stock exchanges where the equity shares of the Transferor Company are listed, namely, the National Stock Exchange of India Limited and BSE Limited (collectively, the "Stock Exchanges").

6. In terms of the directions contained in the order dated August 2, 2018 and as amended on August 16, 2018 ("Order"), the quorum for the Meeting shall be five unsecured creditors. Further, in case the aforesaid quorum for the Meeting is not present, then the Meeting shall be conducted with one unsecured creditor quorum. For the purposes of computing the quorum, the valid proxies shall also be considered.

7. In terms of Sections 230 to 232 of the Act, the Scheme shall be considered approved by the unsecured creditors if the resolution mentioned above in the notice has been approved at the Meeting by a majority of persons representing three-fourths in value of the unsecured debt of the unsecured creditors, voting in person or by proxy at the Meeting.

8. In terms of the directions contained in the Order, the advertisement of the Meeting will be published in the "Financial Express" (Kolkata edition, in English) and "Aajkal" (Kolkata edition, in Bengali) indicating the day, date, place and time of the Meeting and stating that the copies of the Scheme, the Explanatory Statement and the Form of Proxy can be obtained free of charge on any day (except Saturday, Sunday and public holidays) from the registered office of the Transferor Company at 2, Red Cross Place, Kolkata - 700001.

9. The Company is offering facility for voting through Postal Ballot Form. A postal Ballot Form along with self-addressed postage pre-paid Business Reply Envelope is enclosed. Unsecured Creditors are requested to carefully read the instructions printed on the Postal Ballot Form and return the form duly completed with assent (for) and dissent (against), in the attached Business Reply Envelope, so as to reach the Scrutinizer on or before Friday, September 28, 2018. It may be noted that ballot / polling paper will also be provided at the Meeting venue.

10. The scrutinizer will submit his report to the Chairperson after completion of the scrutiny of the ballot / polling papers submitted by the unsecured creditors at the Meeting during the voting process. The scrutinizer's decision on the validity of the vote shall be final. The results along with the report of the scrutinizer shall be displayed at the registered office of the Transferor Company at 2, Red Cross Place, Kolkata - 700001 and its website at (www.hindwarehomes.com), besides being communicated to the stock exchanges where the equity shares of the Transferor Company are listed, namely, the National Stock Exchange of India Limited and BSE Limited (collectively, the "Stock Exchanges").

11. All documents referred to in the notice and the accompanying Explanatory Statement will be available for inspection by the unsecured creditors at the registered office of the Transferor Company on all days, except Saturday, Sunday and public holidays, between 3.00 P.M. to 5.00 P.M., up to the date of the Meeting.

12. Any queries/grievances in relation to notice may be addressed to the company secretary of the Transferor Company through e-mail: hsilinvestors@hindware.co.in. The company secretary of the Transferor Company can also be contacted at 033-22487407/5668.

Enclosures: As above

STATEMENT UNDER SECTION 230(3) OF THE COMPANIES ACT, 2013 READ WITH RULE 6(3) OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 TO THE NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE UNSECURED CREDITORS OF HSIL LIMITED

1. This statement is being furnished pursuant to Section 230(3) of the Companies Act, 2013 (**"Act"**) and Rule 6(3) of the Companies(Compromises, Arrangements and Amalgamations) Rules,2016 (**"Rules"**)(**"Explanatory Statement"**).

2. Pursuant to the order dated August 2, 2018 and as amended on August 16, 2018, passed by the Hon'ble Bench of the National Company Law Tribunal at Kolkata (**"Tribunal"**) in Company Application (CAA) No. 649/KB/2018 (**"Order"**), a meeting of the unsecured creditors of HSIL Limited (**"Transferor Company"**) is being convened at 1:30 P.M. on Saturday, the 29th day of September, 2018 at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata - 700 001 (**"Meeting"**) for the purpose of considering and, if thought fit, approving with or without modification(s), the composite scheme of arrangement between Transferor Company, Somany Home Innovation Limited (**"Transferee Company 1"**) and Brilloca Limited (**"Transferee Company 2"**) (collectively referred to as "**Companies**") and their respective shareholders and creditors under Sections 230 to 232 of the Act (**"Scheme"**). The Scheme as filed before the Tribunal is enclosed as **ANNEXURE 1**. Please refer to Paragraphs 49 and 50 of this Explanatory Statement for the rationale and salient features of the Scheme.

3. The proposed Scheme was placed before the Audit Committee of the Transferor Company (**"HSIL Audit Committee"**) at its meeting held on November 10, 2017. On the basis of its evaluation and independent judgment and consideration of the valuation report (containing the share entitlement ratio) dated November 8, 2017, issued by Santosh K Singh & Co., Chartered Accountants and the fairness opinion dated November 9, 2017 issued to the Transferor Company by Finshore Management Services Limited, a merchant banker registered with the Securities and Exchange Board of India (**"SEBI"**), the HSIL Audit Committee approved and recommended the Scheme to the board of directors (**"Board"**) of the Transferor Company.

4. The Board of the Transferor Company, based on the independent recommendation of the HSIL Audit Committee, approved the Scheme vide resolution dated November 10, 2017. The following directors voted on the resolution passed by the Board of the Transferor Company on November 10, 2017: (i) Dr. Rajendra Kumar Somany, (ii) Mr. Sandip Somany, (iii) Ms. Sumita Somany, (iv) Mr. V.K. Bhandari, (v) Mr. N.G. Khaitan, (vi) Dr. Rainer S. Simon, (vii) Mr. Salil Bhandari, and (viii) Mr. G.L. Sultania. Mr. Ashok Jaipuria took a leave of absence.

5. The Board of Transferee Company 1 approved the Scheme vide resolution dated November 10, 2017. The following directors voted on the resolution passed by the Board of Transferee Company 1 on November 10, 2017: (i) Mr. Sandip Somany, and (ii) Mr. G.L. Sultania. Mr. Niranjan Kumar Goenka took a leave of absence.

6. The Board of Transferee Company 2 approved the Scheme vide resolution dated November 10, 2017. The following directors voted on the resolution passed by the Board of Transferee Company 2 on November 10, 2017: (i) Mr. Sandip Somany, and (ii) Mr. G.L. Sultania. Mr. Niranjan Kumar Goenka took a leave of absence.

7. The Scheme is presented under Sections 230 to 232 and other applicable provisions of the Act read with Section 2(19AA) and other applicable provisions of the Income-tax Act, 1961, for the transfer by way of demerger of:

   (i) the CPDM Undertaking (as defined under Paragraph 4.1(i) in Part A of the Scheme) and the Retail Undertaking (as defined under Paragraph 4.1(v) in Part A of the Scheme) from the Transferor Company, and transfer and vesting of each of them, as a going concern, to Transferee Company 1; and

   (ii) the BPDM Undertaking (as defined under Paragraph 4.1(g) in Part A of the Scheme) from the Transferor Company and transfer and vesting of the same, as a going concern, to Transferee Company 2; and

   various other matters consequential or otherwise integrally connected therewith.

8. In terms of Sections 230 to 232 of the Act, the Scheme shall be considered approved by the unsecured creditors of the Transferor Company if the resolution mentioned in the notice has been approved at the Meeting by a majority in number representing three-fourths in value of the unsecured creditors of the Transferor Company, voting in person, by proxy or through postal ballot.

DETAILS OF THE TRANSFEROR COMPANY AS PER RULE 6(3) OF THE RULES

9. Details of the Transferor Company:

HSIL Limited (Transferor Company)	
Corporate Identification No. (CIN)	L51433WB1960PLC024539
Permanent Account No. (PAN)	AAACH7564H
Incorporation Date	February 8, 1960
Type of Company	Public Limited Company
Registered Office Address	2, Red Cross Place, Kolkata, West Bengal 700 001, India.
Email	hsilinvestors@hindware.co.in
Stock Exchange(s) where securities of the Transferor Company are listed	(i) BSE Limited; and (ii) National Stock Exchange of India Limited

10. Summary of the main objects as per the memorandum of association of the Transferor Company:

The main objects of the Transferor Company are set out under Clause III of its memorandum of association, which are as under:

"To Produce, manufacture, refine prepare import, export, purchase, sell, treat and generally to deal in all kinds of Sanitaryware (including sanitaryware made of plastic, fibreglass or any other synthetic product), earthenware, stoneware, glass, china, terra cotta. procelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and building materials generally.

To produce, manufacture, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of cement (ordinary white coloured portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, gardenwares etc.)

To carry on the business of paiviours and manufacturers of and dealers in fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terra cotta and ceramic wares and sanitarywares.

To carry on in India or elsewhere any trade business manufacture or commence and the export and import of all kinds of produce and merchandise and also business as agents, brokers, factors, financiers, shippers, manufacturers, planters, contractors, engineers, dealers, shipowners, lightermen, carriers by land and sea, dockowners wharfingers and warehousemen.

To set up, establish, acquire or take on lease any factory, quarries, mines, workshop and other works.

To develop and turn to account any land acquired by the Company or in which the Company is interested and in particular by laying out and preparing the same for building purposes constructing, altering, pulling down decorating, maintaining, furnishing, fitting up and improving buildings and by planting paving, draining, farming, cultivating letting on building lease or building agreement, and by advancing money to and entering into contracts and arrangement of all kinds with builders, tenants and others.

To construct, maintain, improve, develop work, control and manage any waterworks, gasworks, reservoirs, roads, tramways, electric power, heat and light supply works, telephone works, hotels, clubs, restaurants, baths, places of worship, places of amusement, pleasure grounds, parks, gardens, reading rooms, stores, shops, dairies and other works and conveniences which the Company may think directly or indirectly conducive to these object and to contribute or otherwise assist or take part in the construction maintenance, development, working, control and management thereof.

To carry on the business of designer, manufacturers, suppliers, dealers of any erectors of machinery, appliances, equipment components and ancilliaries of all kinds and parts thereof for manufacturing making or designing or for being used in manufacturing of Sanitaryware, ceramics of all kinds, glasses of all kinds and bottles of all kinds and to act as consultants or advisers in respect of any of the aforesaid.

To carry on the business of manufacturers of and dealers in sheet glass, plate glass, crystal glass, wired glass, figured glass, pressed glass, hard glass, safety glass, neutral glass, safety and laminated glass, pyrex glass, optical

glass, foam glass, mercury coated glass, heat resisting glass, borosilicate glass, plastic container, cathedral and reeded glass, mineral and wool fibre glass, glass & ceramic colour scientific, opthalmic, cinematographic lenses, photographic and X-ray plates and instruments, mirrors, thermoflasks, thermometers, laboratory apparatus and equipments and glass for other scientific purposes, glass bricks, tiles and building blocks, glass hollow-ware, syringes, bottles, jars, phials, vials, ampoules syringes glass, wool insulation, glass textile yarns, glass staple tissues and fibre glasses of all kinds, glass eyes, buttons, bubles, false pearls, tumblers, chimneys, vases, gas and electric shades and globes and all other kinds of blown, pressed and other glass articles.

To engage in and carry on all or any of the business of designers, engineers, manufacturers, consultants, advisers, assessors, surveyors, draftsmen, inspectors and dealers of and in feeders, lehrs stackers, conveyors, fire finishing machines, ACL printing machines, inspection equipment and ancillary machines and equipment.

To carry on the business of leasing and hire purchase finance and to provide on lease or on hire purchase all types of industrial and office plant equipment machinery, vehicles and buildings.

To carry on the trade or business of Producers, Manufactures, Importers, Exporters, Dealers, Stockists, Buyers, Sellers of Pipes, Jointing, Fittings, Injection/Blow Moulding items, Toys and other articles, Containers, Bottles, Packing Materials, Packing Sheets, Tubing by use of natural and synthetic Fibres and/or processed out of and/or by use of PVC/High Density Polyethylene/Low Density Polyethylene/ Polystyrene.

To carry on any other business manufacturing or otherwise may seem to the Company capable of being conveniently carried on and to deal in all kinds of goods and merchandise, machinery, apparatus and materials.

To manufacture, process, import, export, buy, sell and deal in all kinds of Kitchen Products like Kitchen-Sinks, Chimneys, Hobs, Kitchen Appliances, and Faucets including Chromium-plated Fittings, Bath Tubs & Whirlpools, Shower Enclosures, Home Appliances, Furnitures of all kinds, Electrical Products like Lamps etc., Decorative Materials, and Building Chemicals.

To acquire and undertake all or any part of the business, property and liability of any person or company carrying on any business which this Company is authorised to carry on or possessed of property suitable for the purpose of the Company.

To invest and deal with moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined."

11. **Main business carried on by the Transferor Company:**

The Transferor Company is presently inter alia engaged in the business of manufacturing, preparing, buying, selling, importing, exporting, trading and otherwise dealing in all kinds of building products (sanitaryware, faucets, tiles, other lifestyle products, UPVC and CPVC pipes, fittings, etc.), consumer products, glass packaging products, plastic packaging material, security caps and closures, wind power generation and retail business for home interior solutions.

12. **Details of change of name of the Transferor Company during the last five years:** The Transferor Company was incorporated on February 8, 1960, under the name 'Hindusthan Twyfords Limited'. Subsequently, the name of the Transferor Company was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of the Transferor Company. There has been no change in the name of the Transferor Company during the last five years.

13. **Details of change in registered office of the Transferor Company during the last five years:** There has been no change in the registered office of the Transferor Company during the last five years.

14. **Details of change in objects of the Transferor Company during the last five years:** The following Clause 7E was inserted in the main objects of the Transferor Company, in terms of the Order dated January 9, 2014, made over to the Transferor Company on March 13, 2014, by the Hon'ble High Court of Calcutta, while approving a Scheme of Amalgamation of erstwhile Garden Polymers Private Limited with the Transferor Company.

"To carry on the trade or business of Producers, Manufactures, Importers, Exporters, Dealers, Stockists, Buyers, Sellers of Pipes, Jointing, Fittings, Injection/Blow Moulding items, Toys and other articles, Containers, Bottles, Packing Materials, Packing Sheets, Tubing by use of natural and synthetic Fibres and/or processed out of and/or by use of PVC/High Density Polyethylene/Low Density Polyethylene/Polystyrene."

15. **Details of the capital structure of the Transferor Company including authorized, issued, subscribed and paid-up share capital:**

Authorised Share Capital as on July 31, 2018	**Amount (in Rs.) (in lakhs)**
11,12,50,000 Equity Shares of Rs. 2 each	2225.00
Total	**2225.00**
Issued, Subscribed and Paid-up Share Capital on July 31, 2018	**Amount (in Rs.) (in lakhs)**
7,22,96,395 Equity Shares of Rs. 2 each	1445.93
Add: Forfeited Share Capital	0.04
Total	**1445.97**

Please refer to **ANNEXURE 17** for details regarding the pre and post-arrangement, expected capital structure and shareholding pattern of each of the Companies.

16. **Names of the promoters of the Transferor Company as on July 31, 2018 along with their addresses**

S. No.	Name of the Promoter	Address
1.	Dr. Rajendra Kumar Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
2.	Mr. Sandip Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
3.	Ms. Sumita Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
4.	Ms. Divya Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
5.	Mr. Shashvat Somany	B-5/12, Safdarjang Enclave, New Delhi 110 029
6.	Paco Exports Limited	2, Red Cross Place, Kolkata 700 001
7.	Soma Investments Limited	2, Red Cross Place, Kolkata 700 001
8.	New Delhi Industrial Promotors and Investors Limited	2, Red Cross Place, Kolkata 700 001
9.	Matterhorn Trust	2, Red Cross Place, Kolkata 700 001

17. **Names of the directors of the Transferor Company as on July 31, 2018 along with their addresses:**

S. No.	Name of the Director and Designation	Address
1.	Dr. Rajendra Kumar Somany, Chairman and Managing Director and KMP	B-5/12, Safdarjang Enclave, New Delhi 110 029
2.	Mr. Sandip Somany, Vice Chairman and Managing Director and KMP	B-5/12, Safdarjang Enclave, New Delhi 110 029
3.	Mrs. Sumita Somany, Non Executive Non Independent Director	B-5/12, Safdarjang Enclave, New Delhi 110 029
4.	Mr. Ashok Jaipuria, Independent Director	1/27, Shantiniketan New Delhi 110 021
5.	Mr. Vijay Kumar Bhandari, Independent Director	1704, Wallace Apts., Sleater Road, Grant Road West, Grant Road, Mumbai 400 007
6.	Mr. Girdhari Lal Sultania, Non Executive Non Independent Director	2, Rowland Road, Kolkata 700 020
7.	Mr. Nand Gopal Khaitan, Independent Director	3, Queens Park, Ballygunge, Kolkata 700 019
8.	Dr. Rainer S. Simon, Independent Director	Nolteweg 2, 30916 Isernhagen, NA DE
9.	Mr. Salil Bhandari, Independent Director	A-42, Ground Floor, Block-A, Chittranjan Park, Kalkaji, South Delhi, New Delhi - 110 019

18. The date of the board meeting at which the Scheme was approved by the Board of the Transferor Company including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:

The Scheme was unanimously approved by the Board of the Transferor Company on November 10, 2017. The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

S. No.	Name of the Directors	Address
1.	Dr. Rajendra Kumar Somany	Favour
2.	Mr. Sandip Somany	Favour
3.	Mrs. Sumita Somany	Favour
4.	Mr. Ashok Jaipuria	Leave of Absence
5.	Mr. Vijay Kumar Bhandari	Favour
6.	Mr. Girdhari Lal Sultania	Favour
7.	Mr. Nand Gopal Khaitan	Favour
8.	Dr. Rainer S. Simon	Favour
9.	Mr. Salil Bhandari	Favour

19. As on July 31, 2018, the amount due to the unsecured creditors of the Transferor Company is Rs. 6,433,627,461.

20. Disclosure about effect of the Scheme on material interests of directors, key managerial personnel, debenture trustee and other stakeholders of the Transferor Company:

S. No.	Category of Stakeholders	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company **("New Equity Shares").** Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation. The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company whose name is recorded in the register of members of the Transferor Company as holding shares as of the Record Date.
2.	Promoter	Please refer to S. No. 1 above regarding effect of the Scheme on the shareholders of the Transferor Company.
3.	Non-Promoter Shareholders	
4.	Key Managerial Personnel ("KMPs")/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of the Transferor Company.

5.	Creditors/ Debenture Holders	The Scheme is expected to be in the best interests of the creditors of the Transferor Company. There are no debenture holders in the Transferor Company.
6.	Depositors/ Deposit Trustee	The Transferor Company does not have any depositors or deposit trustee.
7.	Debenture Trustee	The Transferor Company has not issued any debentures.
8.	Employees	(a) Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits. (b) Upon the Scheme becoming effective, all employees of the BPDM Undertaking shall be deemed to have become employees of Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

21. Disclosure about the effect of the Scheme on the material interests of directors and key managerial personnel of the Transferor Company:

None of the "Directors" (as defined under the Act), the "Key Managerial Personnel" (as defined under the Act) of the Transferor Company and their respective "Relatives" (as defined under the Act) have any interests, financial or otherwise in the Scheme except to the extent of shareholding in the Companies as set out below and/or to the extent the said Directors/ Key Managerial Personnel of the Transferor Company are directors on the board of/ key managerial personnel of Transferee Company 1 and Transferee Company 2 as set out below:

Details as on July 31, 2018				
Sl. No.	**Name / Designation**	**No. of shares held in the Transferor Company**	**No. of shares held in Transferee Company 1**	**No. of shares held in Transferee Company 2**
1.	Dr. Rajendra Kumar Somany, Chairman and Managing Director and KMP	30,80,000	-	1*
2.	Mr. Sandip Somany, Vice Chairman and Managing Director and KMP	22,83,563	1*	-
3.	Mrs. Sumita Somany, Non Executive Non Independent Director	1,61,000	-	-
4.	Mr. Ashok Jaipuria, Independent Director	-	-	-
5.	Mr. Vijay Kumar Bhandari, Independent Director	-	-	-
6.	Mr. Girdhari Lal Sultania, Non Executive Non Independent Director	705	1*	1*

7.	Mr. Nand Gopal Khaitan, Independent Director	132	-	-
8.	Dr. Rainer S. Simon, Independent Director	-	-	-
9.	Mr. Salil Bhandari, Independent Director	-	-	-
10.	Mr. Sandeep Sikka, Chief Financial Officer	-	-	-
11.	Ms. Payal M Puri, Company Secretary	-	-	-

(*) shares held as nominee

Details as on July 31, 2018				
Sl. No.	**Name of Director / KMP**	**Designation in the Transferor Company**	**Designation in Transferee Company 1**	**Designation in Transferee Company 2**
1.	Dr. Rajendra Kumar Somany	Chairman and Managing Director and KMP	-	-
2.	Mr. Sandip Somany	Vice Chairman and Managing Director and KMP	Director	Director
3.	Mrs. Sumita Somany	Non Executive Non Independent Director	-	-
4.	Mr. Ashok Jaipuria	Independent Director	-	-
5.	Mr. Vijay Kumar Bhandari	Independent Director	-	-
6.	Mr. Girdhari Lal Sultania	Non Executive Non Independent Director	Director	Director
7.	Mr. Nand Gopal Khaitan	Independent Director	-	-
8.	Dr. Rainer S. Simon	Independent Director	-	-
9.	Mr. Salil Bhandari	Independent Director	-	-
10.	Mr. Sandeep Sikka	Chief Financial Officer	-	-
11.	Ms. Payal M Puri	Company Secretary	-	-

DETAILS OF TRANSFEREE COMPANY 1 AS PER RULE 6(3) OF THE RULES

22. Details of Transferee Company 1:

Sonay Home Innovation Limited (Transferee Company 1)	
Corporate Identification No. (CIN)	U74999WB2017PLC222970
Permanent Account No. (PAN)	AAZCS2853D
Incorporation Date	September 28, 2017
Type of Company	Public Limited Company
Registered Office Address	2, Red Cross Place, Kolkata, West Bengal 700 001, India
Email	ngoenka@hindware.co.in
Stock Exchange(s) where securities of Transferee Company 1 are listed	Not applicable as the shares of Transferee Company 1 are not listed.

23. **Summary of the main objects as per the memorandum of association of Transferee Company 1:**

The main objects of Transferee Company 1 are set out under Clause 3(a) of its memorandum of association, which are as under:

"To import, export, buy, sell, process, manufacture and deal in all kinds of Kitchen Products like Kitchen-Sinks, Chimneys, Hobs, Kitchen Appliances, and Faucets including Chromium-plated Fittings, Bath Tubs & Whirlpools, Shower Enclosures, Home Appliances, Furnitures of all kinds, Electrical Products like Air Purifier, Water Purifier, Air Cooler, Water Heater Lamps etc., Decorative Materials, and Building Chemicals and also products like fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, Hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)

To carry on any other business which may seem to the Company capable of being conveniently carried on and to deal in all kinds of goods and merchandise, machinery, apparatus and materials.

To carry on in India or elsewhere any trade business and the export and import of all kinds of produce and merchandise and also business as agents, brokers, factors, financiers, shippers, manufacturers, planters, contractors, engineers, dealers, ship owners, lighter men, carriers by land and sea, dock owners wharfingers and warehouse men.

To carry on the business of paviors of and dealers in fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, Hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta and ceramic wares and sanitary wares.

To Produce, refine, prepare import, export, purchase, sell, treat and generally to deal in all kinds of Sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta. Porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and building materials generally.

To produce, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)"

24. **Main business carried on by Transferee Company 1:**

Transferee Company 1 is authorised by its memorandum of association to inter alia carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances, and faucets including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials, and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.).

At present, Transferee Company 1 does not carry on any business activity. On coming into effect of the Scheme, Transferee Company 1 will engage in, and carry on, the business of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Transferor Company.

25. **Details of change of name of Transferee Company 1 during the last five years:** There has been no change in the name of Transferee Company 1 since its incorporation on September 28, 2017.

26. **Details of change in registered office of Transferee Company 1 during the last five years:** There has been no change in the registered office of Transferee Company 1 since its incorporation on September 28, 2017.

27. **Details of change in objects of Transferee Company 1 during the last five years:** There has been no change in the objects of Transferee Company 1 since its incorporation on September 28, 2017.

28. **Details of the capital structure of Transferee Company 1 including authorized, issued, subscribed and paid-up share capital:**

The authorised, issued, subscribed and paid-up share capital of Transferee Company 1, as on July 31, 2018 is as under:

Authorised Share Capital as on July 31, 2018	**Amount (In Rs.) (in lakhs)**
50,00,000 Equity Shares of Rs. 2 each	100.00
Total	**100.00**
Issued, Subscribed and Paid-up Share Capital as on July 31, 2018	**Amount (In Rs.) (In lakhs)**
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**

Please refer to **ANNEXURE 17** for details regarding the pre and post-arrangement, expected capital structure and shareholding pattern of each of the Companies.

29. **Names of the promoters of Transferee Company 1 as on July 31, 2018 along with their addresses:**

Sl. No.	**Name of the Promoter**	**Address**
1.	HSIL Limited	2, Red Cross Place, Kolkata, West Bengal 700 001, India

30. **Names of the directors of Transferee Company 1 as on July 31, 2018 along with their addresses:**

Sl. No.	**Name**	**Address**
1.	Mr. Sandip Somany	B-5/12, Safdarjang Enclave, New Delhi - 110 029
2.	Mr. Girdhari Lal Sultania	2, Rowland Road, Kolkata - 700 020
3.	Mr. Niranjan Kumar Goenka	Prasad Exotica, Block-VI, Flat No.2F, 2nd Floor, 71/3, Canal Circular Road, Kolkata - 700 054

31. **The date of the board meeting at which the Scheme was approved by the Board of Transferee Company 1 including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:**

The Scheme was unanimously approved by the Board of Transferee Company 1 on November 10, 2017. The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

Sl. No.	**Name of the Directors**	**Votes**
1.	Mr. Sandip Somany	Favour
2.	Mr. Girdhari Lal Sultania	Favour
3.	Mr. Niranjan Kumar Goenka	Leave of Absence

32. As on March 31, 2018 and also as on July 31, 2018, the amount due to the unsecured creditor of Transferee Company 1 is Rs. 6,00,000/-.

33. **Disclosure about effect of the Scheme on material interests of directors, key managerial personnel, debenture trustee and other stakeholders of Transferee Company 1:**

S. No.	**Category of Stakeholders**	**Effect of the Scheme on Stakeholders**
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company ("**New Equity Shares**").

		Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation. The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company whose name is recorded in the register of members of the Transferor Company as holding shares as of the Record Date.
2.	Promoter	Please refer to S. No. 1 above regarding effect of the Scheme on the shareholders of the Transferor Company.
3.	Non-Promoter Shareholders	
4.	Key Managerial Personnel ("KMPs")/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of the Transferee Company 1.
5	Creditors/ Debenture Holders	The Scheme is expected to be in the best interests of the creditor of Transferee Company 1. There are no debenture holders in Transferee Company 1.
6	Depositors/ Deposit Trustee	Transferee Company 1 does not have any depositors or any deposit trustee.
7.	Debenture Trustee	Transferee Company 1 has not issued any debentures.
8.	Employees	Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

34. Disclosure about the effect of the Scheme on the material interests of directors and key managerial personnel of Transferee Company 1:

None of the "Directors" (as defined under the Act), the "Key Managerial Personnel" (as defined under the Act) of Transferee Company 1 and their respective "Relatives" (as defined under the Act) have any interests, financial or otherwise in the Scheme except to the extent of shareholding in the Companies as set out below and/or to the extent the said directors/ key managerial personnel of Transferee Company 1 are directors on the board of/ key managerial personnel of the Transferor Company and Transferee Company 2 as set out below:

Details as on July 31, 2018				
Sl. No.	**Name / Designation**	**No. of shares held in the Transferee Company 1**	**No. of shares held in Transferor Company**	**No. of shares held in Transferee Company 2**
1.	Mr. Sandip Somany, Director	1*	22,83,563	-
2.	Mr. Girdhari Lal Sultania, Director	1*	705	1*
3.	Mr. Niranjan Kumar Goenka, Director	1*	-	1*

(*) Shares held as nominee.

Details as on July 31, 2018				
Sl. No.	**Name of Director / KMP**	**Designation in the Transferor Company 1**	**Designation in the Transferor Company**	**Designation in Transferee Company 2**
1.	Mr. Sandip Somany	Director	Vice Chairman and Managing Director and KMP	Director
2.	Mr. Girdhari Lal Sultania	Director	Non Executive Non Independent Director	Director
3.	Mr. Niranjan Kumar Goenka	Director	General Manager (Finance)	Director

DETAILS OF TRANSFEREE COMPANY 2 AS PER RULE 6(3) OF THE RULES

35. Details of Transferee Company 2:

Brilloca Limited (Transferee Company 2)	
Corporate Identification No. (CIN)	U74999WB2017PLC223307
Permanent Account No. (PAN)	AAHCB5089L
Incorporation Date	November 2, 2017
Type of Company	Public Limited Company
Registered Office Address	2, Red Cross Place, Kolkata, West Bengal 700 001, India
Email	ngoenka@hindware.co.in
Stock Exchange(s) where securities of the Transferor Company are listed	Not applicable as the shares of Transferee Company 2 are not listed.

36. Summary of the main objects as per the memorandum of association of Transferee Company 2:

The main objects of Transferee Company 2 are set out under Clause 3(a) of its memorandum of association, which are as under:

"To import, export, produce, refine, buy, sell, process, manufacture and deal in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta. Porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and Faucets including Chromium-plated Fittings, Bath Tubs & Whirlpools, Shower Enclosures, Home Appliances, Electrical Products , Decorative Materials, and Building Chemicals and also products like fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, Hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)

To carry on any other business which may seem to the Company capable of being conveniently carried on and to deal in all kinds of goods and merchandise, machinery, apparatus and materials.

To carry on in India or elsewhere any trade business and the export and import of all kinds of produce and merchandise and also business as agents, brokers, factors, financiers, shippers, manufacturers, planters, contractors, engineers, dealers, ship owners, lighter men, carriers by land and sea, dock owners wharfingers and warehouse men.

To carry on the business of paviors of and dealers in fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, Hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta and ceramic wares and sanitary wares.

To produce, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)

To impart various kind of services including accounting, human resource, consulting, procurement etc."

37. **Main business carried on by Transferee Company 2:**

Transferee Company 2 is authorised by its memorandum of association to inter alia carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

At present, Transferee Company 2 does not carry on any business activity. On coming into effect of the Scheme, Transferee Company 2 will engage in, and carry on, the business of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Transferor Company.

38. **Details of change of name of Transferee Company 2 during the last five years:** There has been no change in the name of Transferee Company 2 since its incorporation on November 2, 2017.

39. **Details of change in registered office of Transferee Company 2 during the last five years:** There has been no change in the registered office of Transferee Company 2 since its incorporation on November 2, 2017.

40. **Details of change in objects of Transferee Company 2 during the last five years:** There has been no change in the objects of Transferee Company 2 since its incorporation on November 2, 2017.

41. **Details of the capital structure of Transferee Company 2 including authorized, issued, subscribed and paid-up share capital:**

Authorised Share Capital as on July 31, 2018	**Amount (in Rs.) (In lakhs)**
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**
Issued, Subscribed and Paid-up Share Capital as on July 31, 2018	**Amount (In Rs.) (in lakhs)**
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**

Please refer to **ANNEXURE 17** for details regarding the pre and post-arrangement, expected capital structure and shareholding pattern of each of the Companies.

42. **Names of the promoters of Transferee Company 2 as on July 31, 2018 along with their addresses:**

Sl. No.	Name of the Promoter	Address
1.	Somany Home Innovation Limited	2, Red Cross Place, Kolkata, West Bengal 700 001, India

43. **Names of the directors of Transferee Company 2 as on July 31, 2018 along with their addresses:**

Sl. No.	Name	Address
1.	Mr. Sandip Somany, Director	B-5/12, Safdarjang Enclave, New Delhi 110 029
2.	Mr. Girdhari Lal Sultania, Director	2, Rowland Road, Kolkata 700 020
3.	Mr. Niranjan Kumar Goenka, Director	Prasad Exotica, Block-VI, Flat No.2F, 2nd Floor, 71/3, Canal Circular Road, Kolkata 700 054

44. The date of the board meeting at which the Scheme was approved by the Board of Transferee Company 2 including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:

The resolution dated November 10, 2017 approving the Scheme was unanimously voted in favour by all the directors of Transferee Company 2 who were present at the said meeting. The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

Sl. No.	Name of the Directors	Votes
1.	Mr. Sandip Somany	Favour
2.	Mr. Girdhari Lal Sultania	Favour
3.	Mr. Niranjan Kumar Goenka	Leave of Absence

45. As on March 31, 2018 and also as on July 31, 2018, there are no unsecured creditors of Transferee Company 2.

46. Disclosure about effect of the Scheme on material interests of directors, key managerial personnel, debenture trustee and other stakeholders of Transferee Company 2:

S. No.	Category of Stakeholders	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company ("**New Equity Shares**"). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled and from and after such cancellation. The pre and post-Scheme shareholding of Transferee Company 2 will remain the same.
2.	Promoter	Please refer to S. No. 1 above regarding effect on the shareholders.
3.	Non-Promoter Shareholders	
4.	Key Managerial Personnel ("**KMPs**")/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of the Transferee Company 2.
5	Creditors/ Debenture Holders	Transferee Company 2 does not have any depositors or any deposit trustee.
6	Depositors/ Deposit Trustee	Transferee Company 2 does not have any depositors or any deposit trustee.
7.	Debenture Trustee	Transferee Company 2 has not issued any debentures.
8.	Employees	Upon the Scheme becoming effective, all employees of the BPDM Undertaking shall be deemed to have become employees of Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

47. **Disclosure about the effect of the Scheme on the material interests of directors and key managerial personnel of Transferee Company 2:**

None of the "Directors" (as defined under the Act), the "Key Managerial Personnel" (as defined under the Act) of Transferee Company 2 and their respective "Relatives" (as defined under the Act) have any interests, financial or otherwise in the Scheme except to the extent of shareholding in the Companies as set out below and/or to the extent the said directors/ key managerial personnel of Transferee Company 2 are directors on the board of/ key managerial personnel of the Transferor Company and Transferee Company 1 as set out below:

Details as on July 31, 2018				
Sl. No.	**Name / Designation**	**No. of shares held in the Transferee Company 2**	**No. of shares held in Transferor Company**	**No. of shares held in Transferee Company 1**
1.	Mr. Sandip Somany, Director	-	22,83,563	1*
2.	Mr. Girdhari Lal Sultania, Director	1*	705	1*
3.	Mr. Niranjan Kumar Goenka, Director	1*	-	1*

(*) Shares held as nominee.

Details as on July 31, 2018				
Sl. No.	**Name of Director / KMP**	**Designation in the Transferor Company 2**	**Designation in the Transferor Company**	**Designation in Transferee Company 1**
1.	Mr. Sandip Somany	Director	Vice Chairman and Managing Director and KMP	Director
2.	Mr. Girdhari Lal Sultania	Director	Non Executive Non Independent Director	Director
3.	Mr. Niranjan Kumar Goenka	Director	General Manager (Finance)	Director

48. **Relationship between the Companies:** Transferee Company 1 is a wholly owned subsidiary of the Transferor Company and Transferee Company 2 is a wholly owned subsidiary of Transferee Company 1.

49. **Rationale of the Scheme and the benefits of the Scheme as perceived by the Board of Directors of the respective Companies:** Paragraph 2 of the Scheme (i.e. Rationale and benefits of the Scheme) states as under:

"2.1 The Demerged Company is a multi-business corporate which is primarily engaged in the following business activities:

*(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products, UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined hereinafter (hereinafter referred to as **"Building Products Distribution and Marketing Undertaking" or "BPDM Undertaking"**);*

*(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined hereinafter (hereinafter referred to as **"Consumer Products Distribution and Marketing Undertaking" or "CPDM Undertaking"**);*

*(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined hereinafter (hereinafter referred to as **"Retail Undertaking"**);*

*(The BPDM Undertaking, CPDM Undertaking and Retail Undertaking shall hereinafter be collectively referred to as the **"Demerged Undertakings"**.)*

*(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. (hereinafter referred to as **"Building Products Manufacturing Undertaking"** or **"BPM Undertaking"**);*

*(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as **"Consumer Products Manufacturing Undertaking"** or **"CPM Undertaking"**);*

(f) *manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures (hereinafter referred to as **"Packaging Products Manufacturing Undertaking"** or **"PPM Undertaking"**); and*

(g) *wind power generation (hereinafter referred to as **"Power Undertaking"**).*

2.2 *The aforesaid businesses have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertakings and the Remaining Undertaking (defined hereinafter) have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.*

2.3 *The Scheme shall enable each of the respective Demerged Undertakings and the Remaining Undertaking (defined hereinafter) to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.*

2.4 *The implementation of this Scheme will result in:*

(a) *creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertaking (defined hereinafter);*

(b) *optimal monetisation and development of each of the respective businesses, including by attracting focussed investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;*

(c) *dedicated and specialised management focus on the specific needs of the respective businesses; and*

(d) *benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.*

2.5 *The Scheme is in the interest of all the Companies, including their respective stakeholders and creditors."*

Appointed Date, Effective Date, Record Date and Share Exchange Ratio and Other Considerations:

Paragraph 4.1(c) of Part A of the Scheme defines Appointed Date as *"means April 1, 2018 or such other date as the Hon'ble Tribunal may direct, which shall be the date from which the Scheme shall be deemed to be effective".*

Paragraph 4.1(k) of Part A of the Scheme defines Effective Date as "means the last of the dates on which all the conditions and matters referred to in Paragraph 14 in Part E of this Scheme have been fulfilled, obtained or waived, as applicable. Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall refer to the Effective Date".

Paragraph 4.1(r) of Part A of the Scheme defines Record Date as "means the date to be fixed by the Board of Directors of Demerged Company, for the purpose of determining the shareholders of the Demerged Company to whom the New Equity Shares will be issued and allotted by Resulting Company 1, pursuant to this Scheme".

Consideration for the Demergers - Share Entitlement Ratio

Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company (**"New Equity Shares"**).

Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation.

50. Salient Features of the Scheme:

4. DEFINITIONS

*Capitalised terms used herein but not defined shall have the meaning assigned to them in the draft of the Scheme enclosed as **Annexure 1**.*

(c) ***"Appointed Date"*** *means April 1, 2018 or such other date as the Hon'ble Tribunal may direct, which shall be the date from which the Scheme shall be deemed to be effective;*

(d) ***"Assets"*** *shall include assets of every kind, nature and description and include movable property, investments, immovable property, leasehold property, freehold property, owned property, leased property, tangible or intangible assets, inventories, debtors, advances, Intellectual Property Rights, computers and accessories, software and related data, leasehold improvements, plant and machinery, offices, capital work in progress, vehicles, furniture, fixtures, office equipment, electricals, appliances and accessories;*

(g) ***"BPDM Undertaking"*** *means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:*

(i) all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in ***Schedule I****),*

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the BPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the *BPDM Undertaking*, and

(ix) *any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking,*

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "BPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the BPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the BPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company;

(i) ***"CPDM Undertaking"*** *means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the consumer products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various consumer products like kitchen appliances, cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers, air purifiers and water purifiers, through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce etc., relating to the sale of such products of the consumer products division. Without prejudice and limitation to the generality of the above, the CPDM Undertaking means and includes, without limitation, the following:*

(i) *all Assets pertaining to or relatable to the CPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the CPDM Undertaking (including, but not limited to, the registered trademarks identified in* ***Schedule II****),*

(ii) *all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the CPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,*

(iii) *all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the CPDM Undertaking,*

(iv) *taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the CPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the CPDM Undertaking,*

(v) *all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the CPDM Undertaking,*

(vi) *employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the CPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,*

(vii) *all Liabilities, present, future and the contingent, pertaining to or relatable to the CPDM Undertaking,*

(viii) *all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the CPDM Undertaking, and*

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the CPDM Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "CPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the CPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the CPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(j) **"Demerged Company"** means HSIL Limited, a company incorporated under the Companies Act, 1956, having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India;

(k) **"Effective Date"** means the last of the dates on which all the conditions and matters referred to in Paragraph 14 in Part E of this Scheme have been fulfilled, obtained or waived, as applicable. Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall refer to the Effective Date;

(p) **"New Equity Shares"** means the fully paid-up equity shares of Rs. 2 each to be issued and allotted by Resulting Company 1 to the shareholders of the Demerged Company as of the Record Date, in accordance with Paragraph 9.29.2 in Part D of this Scheme, in consideration for the demerger of the CPDM Undertaking and Retail Undertaking into Resulting Company 1 and the BPDM Undertaking into Resulting Company 2;

(r) **"Record Date"** means the date to be fixed by the Board of Directors of Demerged Company, for the purpose of determining the shareholders of the Demerged Company to whom the New Equity Shares will be issued and allotted by Resulting Company 1, pursuant to this Scheme;

(s) **"Remaining Undertaking"** means the remaining activities, investments, Assets, business, contracts, employees and Liabilities of the Demerged Company, including the BPM Undertaking, CPM Undertaking, PPM Undertaking and Power Undertaking but excluding the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking;

(t) **"Resulting Company 1"** means Somany Home Innovation Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India, being a wholly owned subsidiary of the Demerged Company;

(u) **"Resulting Company 2"** means Brilloca Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India, being a wholly owned subsidiary of Resulting Company 1;

(v) **"Retail Undertaking"** means and includes all the activities, business, operations and undertakings of and relating to retail business undertaking of the Demerged Company, including storing, transporting, selling, distributing and trading in furniture and home décor and other products, inter alia, under the 'EVOK' trademark, through its chain of retail outlets and also includes the franchise business of the Demerged Company. Without prejudice and limitation to the generality of the above, the Retail Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the Retail Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in **Schedule III**),

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the Retail Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the Retail Undertaking,

(iv) *taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the Retail Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the Retail Undertaking,*

(v) *all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Retail Undertaking,*

(vi) *employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Retail Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,*

(vii) *all Liabilities, present, future and the contingent, pertaining to or relatable to the Retail Undertaking,*

(viii) *all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the Retail Undertaking, and*

(ix) *any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the Retail Undertaking.*

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "Retail Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the Retail Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the Retail Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(x) ***"Scheme"** means this Composite Scheme of Arrangement in its present form, or with any modifications, as may be approved by the Hon'ble Tribunal;"*

9. CONSIDERATION FOR DEMERGER

9.2 Issuance of New Equity Shares

9.2.1 Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1; and (b) the demerger of the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, Resulting Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Demerged Company as on the Record Date, 1 equity share of Rs. 2 each of Resulting Company 1 for every 1 equity share of Rs. 2 each of the Demerged Company.

9.2.7 New Equity Shares shall be issued in dematerialised form, unless otherwise notified in writing by any shareholder of the Demerged Company on or before such date as may be determined by the Board of Directors of Resulting Company 1 or a duly authorised committee thereof. In the event that such notice has not been received by Resulting Company 1 in respect of any of the shareholders of the Demerged Company as of the Record Date, the equity shares shall be issued to such shareholders in dematerialised form provided that such shareholders shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event any shareholder has notified Resulting Company 1 as contemplated above that they desire to be issued shares in the physical form or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company 1 or if any shareholder holding shares in the physical form does not notify the account details of the depository participant for electronic credit of the shares of Resulting Company 1 as contemplated above, then Resulting Company 1 shall issue equity shares in physical form to such shareholders of the Demerged Company.

9.2.8 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date or the Effective Date, as the case may be to effectuate such a

transfer in Resulting Company 1 as if such changes in the registered holders were operative on the Record Date, in order to remove any difficulties arising to the transfer of the share in Resulting Company 1 and in relation to New Equity Shares.

9.2.9 *Equity shares to be issued by Resulting Company 1 pursuant to this Scheme, in respect of any equity shares of the Demerged Company, which are held in abeyance under the provisions of the Act or otherwise, shall pending allotment or settlement of dispute by order of Court or otherwise be held by the trustees appointed by Resulting Company 1.*

9.3 Cancellation of equity shares held by the Demerged Company in Resulting Company 1

9.3.1 *Simultaneous with the issuance of the New Equity Shares, in accordance with Paragraph 9.2 of this Scheme, the initial issued and paid up equity share capital of Resulting Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Demerged Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Demerged Company and its nominees representing the equity shares in Resulting Company 1 shall be deemed to be cancelled and from and after such cancellation.*

9.3.2 *The cancellation of the equity share capital held by the Demerged Company and its nominees in Resulting Company 1, in accordance with Paragraph 9.3.1 of this Scheme, shall be effected as a part of this Scheme itself and not under a separate procedure, in terms of Section 66 of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Companies Act, 2013, or any other applicable provisions, confirming the reduction. The consent of the shareholders of Resulting Company 1 to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the reduction under the provisions of Section 66 of the Companies Act, 2013 as well and no further compliances would be separately required.*

9.6 Listing of New Equity Shares

9.6.1 *Post effectiveness of this Scheme, the share capital of Resulting Company 1, including the New Equity Shares to be issued and allotted by Resulting Company 1 in terms of Paragraph 9.2 above shall be listed and shall be admitted for trading on the Stock Exchanges by virtue of this Scheme and in accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017. Resulting Company 1 shall make all requisite applications and shall otherwise comply with the provisions of the aforesaid circulars and Applicable Laws and take all steps to get its share capital including the New Equity Shares issued by it in pursuance to this Scheme listed on the Stock Exchanges.*

10. ACCOUNTING TREATMENT

10.1 Accounting treatment in the books of account of the Demerged Company

10.1.1 *The Board of Directors of the Demerged Company shall give effect to the Scheme in the books of account of the Demerged Company, as they deem fit, in accordance with the applicable Indian Accounting Standards and Generally Acceptable Accounting Principles.*

10.1.2 *The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of, (a) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:*

(a) *The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company.*

(b) *Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.*

(c) *Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.*

(d) *The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.*

(e) *The excess, if any, of Paragraph 10.1.2(b) and 10.1.2(c) above, over Paragraph 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.*

(f) *The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:*

(i) *Capital Reserve Account;*

(ii) *Securities Premium Account; and*

(iii) *General Reserve.*

10.1.3 *The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.*

10.2 ***Accounting treatment in the books of Resulting Company 1***

10.2.1 *Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 - 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:*

(a) *The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be reflected at their carrying amounts.*

(b) *Resulting Company 1 shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Demerged Company under Paragraph 9.2 of the Scheme.*

(c) *Resulting Company 1 shall record the Reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.*

(d) *The existing share capital of Resulting Company 1 shall be cancelled in accordance with Paragraph 9.3 of the Scheme.*

(e) *The difference, if any, from the accounting under the Paragraphs above, shall be recorded as capital reserve in the books of Resulting Company 1.*

(f) *Negative capital reserve, if any, created pursuant to Paragraphs above, shall be adjusted against the existing reserves of Resulting Company 1, in the manner as decided by its Board of Directors, in consultation with its Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.*

10.2.2 *The existing shareholding of the Demerged Company in Resulting Company 1 shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. Face value of the equity shares so cancelled, shall be credited to the capital reserve account of Resulting Company 1.*

10.2.3 *The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.*

10.2.4 *The Board of Directors of Resulting Company 1 shall give effect to the Scheme in the books of account of Resulting Company 1, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.*

10.3 ***Accounting treatment in the books of Resulting Company 2***

10.3.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall account for the demerger of the BPDM Undertaking, pursuant to the Scheme, using the 'pooling of interest method' in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 - 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 2:

(a) The assets and liabilities of the BPDM Undertaking shall be reflected at their carrying amounts.

(b) Resulting Company 2 shall record the reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(c) The difference, if any, from the accounting under the Paragraphs 10.3.1(a) and (b) above shall be recorded as capital reserve.

(d) Negative capital reserve, if any, created pursuant to the Paragraphs 10.3.1(a) and (b) above, shall be adjusted against the existing reserves of Resulting Company 2, in the manner as decided by its Board of Directors, in consultation with the Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.3.2 The reduction, if any, under Paragraph 10.3.1(d) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.3.3 The Board of Directors of Resulting Company 2 shall give effect to the Scheme in the books of account of Resulting Company 2, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

14 Conditions for the scheme becoming effective

14.1 The demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1 and demerger of the BPDM Undertaking into Resulting Company 2 are conditional upon and subject to:

(a) the sanction for the Scheme, by the Hon'ble Tribunal, under Sections 230 to 232 and Section 66 of the Companies Act, 2013, being obtained; and

(b) a certified copy of the order of the Hon'ble Tribunal sanctioning the Scheme being filed with the Registrar of Companies, Kolkata, by each of the Companies.

14.2 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety, unless specifically agreed otherwise by the Board of Directors of the Demerged Company.

THE FEATURES SET OUT ABOVE BEING ONLY THE SALIENT FEATURES OF THE SCHEME, THE UNSECURED CREDITORS ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME (ANNEXED HEREWITH) TO GET FULLY ACQUAINTED WITH THE PROVISIONS THEREOF AND THE RATIONALE OF THE SCHEME.

51. Summary of the Valuation Report including basis of valuation and the Fairness Opinion:

The Valuation Report, dated November 8, 2017, issued by Santosh K Singh & Co., Chartered Accountants, recommends that the share entitlement ratio for the (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, should be 1 equity share of Rs. 2 each of Transferee Company 1 issued for every 1 equity share of Rs. 2 each of the Transferor Company. The revised Valuation Report dated December 11, 2017, issued by Santosh K Singh & Co., Chartered Accountants, in compliance with the format prescribed by the BSE Limited also recommends the same share entitlement ratio as the Valuation Report dated November 8, 2017.

The fairness opinion dated November 9, 2017 issued by Finshore Management Services Limited, a SEBI registered merchant banker **("Fairness Opinion")** has been issued in respect of the Valuation Report wherein it has been stated that the proposed share entitlement ratio as recommended by the valuers, which forms the basis of the proposed demergers, is fair.

Please refer to the Valuation Reports and the Fairness Opinion that are enclosed as **ANNEXURE 3** and **ANNEXURE 4**, respectively.

52. **Details of capital or debt restructuring, if any:** There shall be no reclassification/ reorganization of the authorized share capital of any of the Companies or debt restructuring of any of the Companies pursuant to the Scheme.

53. **Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed Scheme:**

    (a) The equity shares of the Transferor Company are listed on BSE Limited (**"BSE"**) and the National Stock Exchange of India Limited (**"NSE"**) (collectively, the **"Stock Exchanges"**). The NSE was appointed as the designated stock exchange by the Transferor Company for the purpose of coordinating with SEBI, pursuant to the Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time, issued by SEBI (**"SEBI Circular"**). The Transferor Company has received an observation letter dated April 23, 2018 from NSE and an observation letter dated April 24, 2018 from BSE wherein the Stock Exchanges have granted their no objection to filing the Scheme with the Tribunal. The said observation letters issued by the NSE and the BSE are enclosed as **ANNEXURE 7** and **ANNEXURE 8**, respectively.

    (b) As required by the SEBI Circular, the Transferor Company has filed its Complaint Report with NSE and BSE, on January 5, 2018 and January 24, 2018 respectively. The Complaint Report filed by the Transferor Company indicates that it has received 'nil' complaints. A copy of the Complaint Reports is enclosed as **ANNEXURE 5** and **ANNEXURE 6** respectively.

    (c) The Scheme was filed by the Companies with the Tribunal, on June 4, 2018. Consequently, the Hon'ble Kolkata Bench of the Tribunal vide order dated August 2, 2018, has directed, inter alia, the convening of the Meeting.

54. No investigation or proceedings have been instituted or are pending in relation to any of the Companies under the Act.

55. The Companies have filed a copy of the Scheme with the Registrar of Companies pursuant to Section 232(2)(b) of the Act.

56. **Inspection of Documents:** Copies of the following documents will be open for inspection to the unsecured creditors of the Transferor Company at its registered office at 2, Red Cross Place, Kolkata - 700001 on all days except Saturday, Sunday and public holidays between 3:00 pm and 5:00 pm up to the date of the Meeting:

    (a) Order dated August 2, 2018 and as amended on August 16, 2018 by the Hon'ble Kolkata Bench of the Tribunal in Company Application (CAA) No. 649/KB/2018, directing inter alia, the convening of the Meeting;

    (b) Scheme, as filed before the Hon'ble Tribunal;

    (c) Valuation Report dated November 8, 2017 and revised valuation report dated December 11, 2017 (in accordance with the format prescribed by BSE Limited), issued by Santosh K Singh & Co., Chartered Accountants.

    (d) Fairness Opinion dated November 9, 2017 issued by Finshore Management Services Limited, a merchant banker registered with SEBI.

    (e) Complaints report submitted by the Transferor Company to the NSE on January 5, 2018;

    (f) Complaints report submitted by the Transferor Company to BSE on January 24, 2018;

    (g) Observation letter dated April 23, 2018 issued by the NSE to the Transferor Company;

    (h) Observation letter dated April 24, 2018 issued by BSE to the Transferor Company;

    (i) Certificate of incorporation dated February 8, 1960, the certificate for commencement of business dated February 26, 1960 and the fresh certificate of incorporation consequent upon change of name along with copies of the memorandum of association and articles of association of the Transferor Company;

    (j) Certificate of incorporation dated September 28, 2017 along with copies of the memorandum of association and articles of association of Transferee Company 1;

    (k) Certificate of incorporation dated November 2, 2017 along with copies of the memorandum of association and articles of association of Transferee Company 2;

    (l) Certificate dated November 10, 2017 issued by Lodha & Co. Chartered Accountants, the statutory auditor of the Transferor Company in terms of the proviso to Section 230(7)/ 232(3) of the Act, certifying that the accounting

treatment provided for in the Scheme is in conformity with the accounting standards specified under Section 133 of the Act;

(m) Certificate dated November 10, 2017 issued by Lodha & Co. Chartered Accountants, the statutory auditor of Transferee Company 1 in terms of the proviso to Section 230(7)/232(3) of the Act, certifying that the accounting treatment provided for in the Scheme is in conformity with the accounting standards specified under Section 133 of the Act;

(n) Certificate dated November 10, 2017 issued by Lodha & Co. Chartered Accountants, the statutory auditor of Transferee Company 2 in terms of the proviso to Section 230(7)/ 232(3) of the Act, certifying that the accounting treatment provided for in the Scheme is in conformity with the accounting standards specified under Section 133 of the Act;

(o) Annual reports of the Transferor Company for the last three financial years ended March 31, 2018, March 31, 2017 and March 31, 2016;

(p) Audited financial statements for the period ended March 31, 2018 of Transferee Company 1 and Transferee Company 2;

(q) Extracts of the resolutions dated November 10, 2017 passed by the Boards' of the Transferor Company, Transferee Company 1 and Transferee Company 2, inter alia, approving the Scheme and the filing thereof with the Tribunal;

(r) Report of the Audit Committee of the Transferor Company dated November 10, 2017 recommending the Scheme to the Board of the Transferor Company;

(s) Reports adopted by the respective Boards' of each of the Companies pursuant to Section 232(2)(c) of the Act;

(t) Other documents displayed on the websites of the Stock Exchanges and the Transferor Company in terms of the SEBI Circular;

(u) Abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 specifying applicable information of Transferee Company 1, as filed with the Stock Exchanges;

(v) Abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 specifying applicable information of Transferee Company 2, as filed with the Stock Exchanges;

(w) any other contracts or agreements material to the Scheme; and

(x) Copies of the paper books filed in Company Application (CAA) No. 649/KB/2018.

Dated this 17th day of August, 2018.

For **HSIL Limited**

Sd/-
Somen Bose
(Chairperson appointed for the meeting)

Registered Office: 2, Red Cross Place, Kolkata - 700001.
CIN: L51433WB1960PLC024539.
Email: hsilinvestors@hindware.co.in

Annexure - 1

COMPOSITE SCHEME OF ARRANGEMENT

UNDER SECTIONS 230 TO 232, READ WITH SECTION 66 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

AMONGST

HSIL LIMITED
(The Demerged Company)

AND

SOMANY HOME INNOVATION LIMITED
(Resulting Company 1)

AND

BRILLOCA LIMITED
(Resulting Company 2)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PREAMBLE

1. BACKGROUND AND DESCRIPTION OF THE COMPANIES WHO ARE PARTIES TO THE SCHEME

1.1 Details of the Demerged Company

1.1.1 HSIL Limited, the Demerged Company, is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of the Demerged Company is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. The Demerged Company was incorporated on February 8, 1960, under the name 'Hindusthan Twyfords Limited'. Subsequently, the name of the Demerged Company was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969, and the Demerged Company obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of the Demerged Company. The Corporate Identity Number of the Demerged Company is L51033WB1960PLC024539. The equity shares of the Demerged Company are listed on the Stock Exchanges (defined hereinafter).

1.1.2 The Demerged Company is authorized to conduct, and is *inter alia* engaged in, the business of manufacturing, preparing, buying, selling, importing, exporting, trading and otherwise dealing in all kinds of building products (sanitaryware, faucets, tiles, other lifestyle products, UPVC and CPVC pipes, fittings, etc.), consumer products, glass packaging products, plastic packaging material, security caps and closures, wind power generation and retail business for home interior solutions.

1.2 Details of Resulting Company 1

1.2.1 Somany Home Innovation Limited, Resulting Company 1, was incorporated on September 28, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 1 is U74999WB2017PLC222970. The registered office of Resulting Company 1 is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. Resulting Company 1 is a wholly owned subsidiary of the Demerged Company.

1.2.2 Resulting Company 1 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

1.3 Details of Resulting Company 2

1.3.1 Drilloco Limited, Resulting Company 2, was incorporated on November 2, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting

Company 2 is U74999WB2017PLC223307. The registered office of Resulting Company 2 is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. Resulting Company 2 is a wholly owned subsidiary of Resulting Company 1.

1.3.2 Resulting Company 2 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

1.4 This Composite Scheme of Arrangement ("**Scheme**") is presented pursuant to the provisions of Sections 230 to 232, Section 66 and other applicable provisions of the Companies Act, 2013, read with Section 2(19AA), Section 2(41A) and other relevant provisions of the IT Act (defined hereinafter), as applicable, for:

(i) Demerger of the CPDM Undertaking (defined hereinafter) and the Retail Undertaking (defined hereinafter) from the Demerged Company and transfer and vesting of each of them, as a going concern, to Resulting Company 1; and

(ii) Demerger of the BPDM Undertaking (defined hereinafter) from the Demerged Company and transfer and vesting of the same, as a going concern, to Resulting Company 2.

1.5 After the Scheme becomes effective, the listing of the entire share capital of Resulting Company 1, including the New Equity Shares (defined hereinafter) issued by Resulting Company 1, as consideration, in terms of Part D of this Scheme, to the shareholders of the Demerged Company, with the Stock Exchanges (defined hereinafter) shall be undertaken.

1.6 Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

2. RATIONALE FOR THE SCHEME

2.1 The Demerged Company is a multi-business corporate which is primarily engaged in the following business activities:

(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products, UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined hereinafter (hereinafter referred to as "**Building Products Distribution and Marketing Undertaking**" or "**BPDM Undertaking**");

(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined hereinafter (hereinafter referred to as "**Consumer Products Distribution and Marketing Undertaking**" or "**CPDM Undertaking**");

(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined hereinafter (hereinafter referred to as "**Retail Undertaking**");

(The BPDM Undertaking, CPDM Undertaking and Retail Undertaking shall hereinafter be collectively referred to as the "**Demerged Undertakings**".)

(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. (hereinafter referred to as "**Building Products Manufacturing Undertaking**" or "**BPM Undertaking**");

(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**");

(f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures (hereinafter referred to as "**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and

(g) wind power generation (hereinafter referred to as "**Power Undertaking**").

2.2 The aforesaid businesses have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertakings and the Remaining Undertaking (defined hereinafter) have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

2.3 The Scheme shall enable each of the respective Demerged Undertakings and the Remaining Undertaking (defined hereinafter) to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

2.4 The implementation of this Scheme will result in:

(a) creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertaking (defined hereinafter);

(b) optimal monetisation and development of each of the respective businesses, including by attracting focussed investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;

(c) dedicated and specialised management focus on the specific needs of the respective businesses; and

(d) benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.

2.5 The Scheme is in the interest of all the Companies, including their respective stakeholders and creditors.

3. **PARTS OF THIS SCHEME**

The Scheme is divided into the following parts:

(a) **PART A** deals *inter alia* with definitions and interpretation, compliance with tax laws and capital structure of the Companies.

(b) **PART B** deals with demerger and vesting of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1.

(c) **PART C** deals with demerger and vesting of the BPDM Undertaking into Resulting Company 2.

(d) **PART D** deals with the consideration for demerger of the CPDM Undertaking, the Retail Undertaking and BPDM Undertaking and the respective accounting treatment(s).

(e) **PART E** deals with general terms and conditions that are applicable to this Scheme.



PART A

4. **DEFINITIONS**

4.1 In this Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

(a) "**Act**" means the Companies Act, 2013 and rules made thereunder (to the extent applicable) and Companies Act, 1956 (to the extent corresponding provisions of Companies Act, 2013 have not been notified) and the rules made thereunder, and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;

(b) "**Applicable Law**" means any statute, notification, by-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, schemes, notices, orders or instructions enacted or issued or sanctioned by any appropriate authority, including any modification or re-enactment thereof for the time being in force;

(c) "**Appointed Date**" means April 1, 2018 or such other date as the Hon'ble Tribunal may direct, which shall be the date from which the Scheme shall be deemed to be effective;

(d) "**Assets**" shall include assets of every kind, nature and description and include movable property, investments, immovable property, leasehold property, freehold property, owned property, leased property, tangible or intangible assets, inventories, debtors, advances, Intellectual Property Rights, computers and accessories, software and related data, leasehold improvements, plant and machinery, offices, capital work in progress, vehicles, furniture, fixtures, office equipment, electricals, appliances and accessories;

(e) "**Board of Directors**" in relation to the Demerged Company and/ or Resulting Company 1 and/or Resulting Company 2, as the case may be, means their respective board of directors and shall, unless repugnant to the context or otherwise, include a committee of directors or any person authorised by such board of directors or such committee of directors;

(f) "**Book Value(s)**" means the value(s) of the Assets and Liabilities of each of the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking, as applicable, as appearing in the books of account of the Demerged Company at the close of business as on the day immediately preceding the Appointed Date and excluding any value arising out of revaluation of any Assets;

(g) "**BPDM Undertaking**" means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I),

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the BPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the BPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "BPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the BPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the BPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company;

(h) "**Companies**" means the Demerged Company, Resulting Company 1 and Resulting Company 2;

(i) "**CPDM Undertaking**" means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the consumer products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various consumer products like kitchen appliances, cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers, air purifiers and water purifiers, through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce etc., relating to the sale of such products of the consumer products division. Without prejudice and limitation to the generality of the above, the CPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the CPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the CPDM Undertaking (including, but not limited to, the registered trademarks identified in **Schedule II**).

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the CPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the CPDM Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the CPDM Undertaking, cash balances, bank accounts and bank

balances, in connection with or relating to the CPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the CPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the CPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the CPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the CPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the CPDM Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "CPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the CPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the CPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(j) **"Demerged Company"** means **UISL** Limited, a company incorporated under the Companies Act, 1956, having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India;

(k) **"Effective Date"** means the last of the dates on which all the conditions and matters referred to in Paragraph 14 in Part E of this Scheme have been fulfilled, obtained or waived, as applicable. Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall refer to the Effective Date;

(l) **"Hon'ble Tribunal"** means the Kolkata Bench of the National Company Law Tribunal;

(m) **"Intellectual Property Rights"** means, whether registered in the name of or recognized under Applicable Law as being the intellectual property of the Demerged Company, or in

the nature of common law rights of the Demerged Company, all domestic and foreign, (a) trademarks, service marks, brand names, internet domain names, websites, online web portals, trade names, logos, trade dress, and all applications and registration for the foregoing, and all goodwill associated with the foregoing and symbolized by the foregoing; (b) confidential and proprietary information and trade secrets; (c) published and unpublished works of authorship, and copyrights therein, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; (d) computer software and programs (including source code, object code, firmware, operating systems and specifications); (e) designs, drawings, sketches; (f) databases, customer data, proprietary information, knowledge, technology, licenses, software licenses and formulas; (g) all other intellectual property or proprietary rights; and (h) all rights in all of the foregoing provided by Applicable Law;

(n) "**IT Act**" means the Income-tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;

(o) "**Liability(ies)**" means liabilities of every kind, nature and description, whether present or future and includes contingent liabilities, secured loans, unsecured loans, borrowings, statutory liabilities (including those under taxation laws, including goods and services tax (GST) and stamp duty laws), contractual liabilities, duties, obligations, guarantees and those arising out of proceedings of any nature;

(p) "**New Equity Shares**" means the fully paid-up equity shares of Rs. 2 each to be issued and allotted by Resulting Company 1 to the shareholders of the Demerged Company as of the Record Date, in accordance with Paragraph 9.2 in Part D of this Scheme, in consideration for the demerger of the CPDM Undertaking and Retail Undertaking into Resulting Company 1 and the BPDM Undertaking into Resulting Company 2;

(q) "**RBI**" means the Reserve Bank of India, established under Section 3 of the Reserve Bank of India Act, 1934;

(r) "**Record Date**" means the date to be fixed by the Board of Directors of Demerged Company, for the purpose of determining the shareholders of the Demerged Company to whom the New Equity Shares will be issued and allotted by Resulting Company 1, pursuant to this Scheme;

(s) "**Remaining Undertaking**" means the remaining activities, investments, Assets, business, contracts, employees and Liabilities of the Demerged Company, including the BPM Undertaking, CPM Undertaking, PPM Undertaking and Power Undertaking but excluding the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking;

(t) "**Resulting Company 1**" means Somany Home Innovation Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India, being a wholly owned subsidiary of the Demerged Company;

(u) "**Resulting Company 2**" means Brilloca Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001, India, being a wholly owned subsidiary of Resulting Company 1;

(v) "**Retail Undertaking**" means and includes all the activities, business, operations and

undertakings of and relating to retail business undertaking of the Demerged Company, including storing, transporting, selling, distributing and trading in furniture and home décor and other products, *inter alia*, under the 'EVOK' trademark, through its chain of retail outlets and also includes the franchise business of the Demerged Company. Without prejudice and limitation to the generality of the above, the Retail Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the Retail Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in **Schedule III**).

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the Retail Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the Retail Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the Retail Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the Retail Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Retail Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Retail Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the

Retail Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the Retail Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the Retail Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "Retail Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the Retail Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the Retail Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(w) "**Rs.**" means rupees, being the lawful currency of the Republic of India;

(x) "**Scheme**" means this Composite Scheme of Arrangement in its present form or with any modifications, as may be approved by the Hon'ble Tribunal;

(y) "**SEBI**" means the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992; and

(z) "**Stock Exchanges**" means collectively BSE Limited and the National Stock Exchange of India Limited.

4.2 The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the Regulations made thereunder), the Depositories Act, 1996, the IT Act and other Applicable Laws, as the case may be.

5. COMPLIANCE WITH TAX LAWS

5.1 The demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1 and the BPDM Undertaking into Resulting Company 2 shall comply with the provisions of Section 2(19AA) read with section 2(41A) of the IT Act.

5.2 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA), and other relevant sections, of the IT Act. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the

Demerged Company, which power can be exercised at any time and shall be exercised in the best interests of the Companies and their shareholders.

6. CAPITAL STRUCTURE

6.1 Demerged Company

The authorised, issued, subscribed and paid-up share capital of the Demerged Company, as on October 31, 2017 is as under:

A. Authorised Share Capital	Amount (in Rs.) (in lakhs)
11,12,50,000 Equity Shares of Rs. 2 each	2225.00
Total	**2225.00**

B. Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.)
7,22,96,395 Equity Shares of Rs. 2 each	1445.93
Add: Forfeited Share Capital	0.04
Total	**1445.97**

6.2 Resulting Company 1

The authorised, issued, subscribed and paid-up share capital of Resulting Company 1, as on October 31, 2017 is as under:

A. Authorised Share Capital	Amount (in Rs.) (in lakhs)
50,00,000 Equity Shares of Rs. 2 each	100.00
Total	**100.00**

B. Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.) (in lakhs)
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**

6.3 **Resulting Company 2**

The authorised, issued, subscribed and paid-up share capital of Resulting Company 2, as on November 2, 2017, is as under:

A. Authorised Share Capital	Amount (in Rs.) (in lakhs)
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**

B. Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.) (in lakhs)
5,00,000 Equity Shares of Rs. 2 each	10.00
Total	**10.00**



PART B

7. DEMERGER OF CPDM UNDERTAKING AND RETAIL UNDERTAKING INTO RESULTING COMPANY 1

7.1 Transfer and vesting of the CPDM Undertaking and the Retail Undertaking

7.1.1 Upon this Scheme becoming effective and with effect from the Appointed Date, the CPDM Undertaking and the Retail Undertaking of the Demerged Company shall stand demerged and transferred and be vested in Resulting Company 1, each on a going concern basis, without any further act or deed, so as to become as and from the Appointed Date, the undertakings of Resulting Company 1, and to vest in Resulting Company 1, all the rights, title, interest or obligations of the CPDM Undertaking and the Retail Undertaking therein, in the manner described hereunder.

7.1.2 **Transfer of Assets**

(a) Upon this Scheme becoming effective and with effect from the Appointed Date, any and all Assets relating to each of the CPDM Undertaking and the Retail Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by delivery instructions in relation to dematerialised shares or transfer by vesting and recordal pursuant to this Scheme, shall stand transferred to and vested in Resulting Company 1 and shall become the property and an integral part of Resulting Company 1. The vesting pursuant to this sub-Paragraph (a) shall be deemed to have occurred by manual delivery or endorsement and delivery or by delivery instructions in relation to dematerialised shares or by vesting, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

(b) Upon this Scheme becoming effective and with effect from the Appointed Date, any and all movable Assets of the Demerged Company relating to each of the CPDM Undertaking and the Retail Undertaking, other than those specified above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons shall without any further act, instrument or deed become the property of Resulting Company 1.

(c) Upon this Scheme becoming effective and with effect from the Appointed Date, all immovable properties (including land together with the buildings and structures standing thereon) of the Demerged Company relating to each of the CPDM Undertaking and the Retail Undertaking, whether freehold or leasehold, as the case may be, and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Resulting Company 1, subject to Applicable Law, without any act or deed required by the Demerged Company and Resulting Company 1. Upon this Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes, as applicable, and fulfill all obligations, in relation to or applicable to such immovable properties.

(d) Upon this Scheme becoming effective and with effect from the Appointed Date, the Intellectual Property Rights of the Demerged Company relating to each of the CPDM Undertaking (including, but not limited to, the registered trademarks identified in

Schedule II) and the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in Schedule III) shall, without further act or deed, stand transferred and vested in Resulting Company 1. This Scheme shall serve as a requisite consent for use and transfer of such Intellectual Property Rights without requiring the execution of any further deed or document as to transfer of the said Intellectual Property Rights in favour of Resulting Company 1. Upon the Scheme becoming effective, and to the extent required by the Demerged Company and Resulting Company 2, Resulting Company 1 may grant to them the right to use the trademarks being transferred to it pursuant to this Scheme by way of license, on such terms and conditions as may be mutually agreed between the relevant parties.

(e) Upon this Scheme becoming effective and with effect from the Appointed Date, the Demerged Company agrees to execute and deliver, at the request of Resulting Company 1, all papers and instruments required in respect of all Intellectual Property Rights, to vest such rights, title and interest in the name of Resulting Company 1 and in order to update the records of the respective registries to reflect the name and address of Resulting Company 1 as the current owner of the Intellectual Property Rights.

(f) In relation to Assets belonging to each of the CPDM Undertaking and the Retail Undertaking, which require separate documents for vesting in Resulting Company 1, or which the Demerged Company and/ or Resulting Company 1 otherwise desire to be vested separately, the Demerged Company and Resulting Company 1 will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.

(g) All Assets acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the CPDM Undertaking and/or the Retail Undertaking shall be deemed to have been acquired for and on behalf of Resulting Company 1 and shall also stand transferred to and vested in Resulting Company 1, with effect from the Effective Date.

(h) It is hereby clarified that if any Assets in relation to either the CPDM Undertaking or the Retail Undertaking which the Demerged Company owns, cannot be transferred to Resulting Company 1 for any reason whatsoever, the Demerged Company shall hold such Asset in trust for the benefit of Resulting Company 1.

(i) Upon this Scheme becoming effective, the past track record of the Demerged Company relating to each of the CPDM Undertaking or the Retail Undertaking, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be the track record of Resulting Company 1 for all commercial and regulatory purposes, including for the purposes of eligibility, standing, evaluation and participation of Resulting Company 1 in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

7.1.3 **Transfer of Liabilities**

(a) Upon this Scheme becoming effective and with effect from the Appointed Date, all Liabilities of every kind, nature and description relating to each of the CPDM Undertaking and the Retail Undertaking shall, without any further act or deed, be transferred to, or be deemed to be transferred to Resulting Company 1 so as to become, from the Appointed Date, the Liabilities of Resulting Company 1 and Resulting Company 1 undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain



the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen, in order to give effect to the provisions of this sub-Paragraph.

(b) Where any of the Liabilities and obligations pertaining to the CPDM Undertaking and/or the Retail Undertaking on the Appointed Date, has been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of Resulting Company 1.

(c) All loans raised and used, and Liabilities incurred, if any, by the Demerged Company after the Appointed Date, but prior to the Effective Date, for the CPDM Undertaking and/or the Retail Undertaking shall be deemed to be transferred to, and discharged by Resulting Company 1 without any further act or deed.

(d) Upon the Scheme becoming effective, the secured creditors of the Demerged Company, relating to the Remaining Undertaking shall not be entitled to security over properties, Assets, rights, benefits and interest of Resulting Company 1.

(e) The vesting of the CPDM Undertaking and the Retail Undertaking as aforesaid shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the CPDM Undertaking and/or the Retail Undertaking, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the Assets of the CPDM Undertaking and/or the Retail Undertaking have been or are offered or agreed to be offered as securities for any financial assistance or obligations, shall be construed as a reference to only the Assets pertaining to the CPDM Undertaking and/or the Retail Undertaking, as applicable, as are vested in Resulting Company 1 as per this Scheme, to the end and intent that any such security, charge, hypothecation and mortgage shall not extend or be deemed to extend to any of the other Assets of the Demerged Company or any of the Assets of Resulting Company 1. Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the Assets, or any part thereof, of Resulting Company 1 shall continue with respect to such Asset, or part thereof, and this Scheme shall not operate to enlarge such securities, charges, hypothecation and mortgages.

(f) The provisions of Paragraph 7.1.3(e) above shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions. For avoidance of doubt the provisions of Paragraph 7.1.3(e) above shall not be construed as limiting the operation of Part E of this Scheme.

(g) Upon this Scheme becoming effective, the borrowing limits of Resulting Company 1 shall, without any further act or deed, stand enhanced by an amount being the aggregate of the Liabilities pertaining to the CPDM Undertaking and the Retail Undertaking which are being transferred to Resulting Company 1 pursuant to this Scheme and Resulting Company 1 shall not be required to pass any separate resolution in this regard.

7.1.4 **Contracts, Deeds, Bonds and Other Instruments**

(a) Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, agreements entered into with various persons including independent consultants, subsidiaries/ associate companies and other shareholders of such subsidiaries/ associate companies, arrangements and other instruments of whatsoever nature in relation to each of the CPDM Undertaking and the Retail Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of Resulting Company 1 and may be enforced as fully and effectually as if, instead of the Demerged Company, Resulting Company 1 had been a party or beneficiary or obligee thereto or thereunder.

(b) Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the CPDM Undertaking and the Retail Undertaking with Resulting Company 1 occurs by virtue of this Scheme itself, Resulting Company 1 may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above. Resulting Company 1 shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

(c) Without prejudice to the generality of the foregoing, it is clarified that upon this Scheme becoming effective and with effect from the Appointed Date, all consents, agreements, permissions, all statutory or regulatory licences, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to each of the CPDM Undertaking and the Retail Undertaking shall stand transferred to Resulting Company 1 as if the same were originally given by, issued to or executed in favour of Resulting Company 1, and Resulting Company 1 shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to Resulting Company 1. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority, or by any other person, or availed by the Demerged Company in relation to each of the CPDM Undertaking and the Retail Undertaking are concerned, the same shall vest with and be available to Resulting Company 1 on the same terms and conditions as applicable to the Demerged Company, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Resulting Company 1.

(d) The Demerged Company has set up a trust, by the name of "HSIL Corporate Social Responsibility Foundation", for the purpose of fulfilling its corporate social responsibility under the Companies Act, 2013, either singly or along with its subsidiary companies or along with any other company or holding or subsidiary company of such other company. Subject to provisions of the Companies Act, 2013, it is proposed that the HSIL Corporate Social Responsibility Foundation be restructured to permit Resulting Company 1 to utilize the same for fulfilling its corporate social responsibility under the Companies Act, 2013 as

well.

(e) It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the CPDM Undertaking and/or the Retail Undertaking to which the Demerged Company is a party, cannot be transferred to Resulting Company 1 for any reason whatsoever, the Demerged Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resulting Company 1.

(f) Upon this Scheme becoming effective, all the resolutions, if any, of the Demerged Company which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as the resolutions of Resulting Company 1, to the extent such resolutions pertain to the CPDM Undertaking and/or the Retail Undertaking, and, if any such resolutions have an upper monetary or any other limits imposed under the provisions of the Act, then the said limits shall apply *mutatis mutandis* to such resolutions and shall constitute the aggregate of the said limits in Resulting Company 1.

7.1.5 **Employees**

(a) Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Resulting Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Demerged Company, on the Effective Date. The services of such employees with the Demerged Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits

(b) With regard to provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of such employees of the CPDM Undertaking and the Retail Undertaking, Resulting Company 1 shall, upon this Scheme becoming effective, stand substituted for the Demerged Company for all purposes whatsoever, including with regard to the obligation to make contributions to the said funds and schemes, in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents.

(c) The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Demerged Company for such employees of the CPDM Undertaking and the Retail Undertaking shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by Resulting Company 1 without any separate act or deed/ approval. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by Resulting Company 1 to the existing funds maintained by the Demerged Company.

(d) If any of the employees of the Demerged Company being transferred to Resulting Company 1 as part of this Scheme are covered under any directors and officers liability insurance policy ("**D&O Insurance**") taken by the Demerged Company as on the Effective Date, then, irrespective of their transfer to Resulting Company 1, such employees shall continue to be covered by such D&O Insurance, for the remainder of the term of the

insurance policy, and the Demerged Company and/or Resulting Company 1, as the case may be, shall execute all documents as may be required, including with the insurance company(ies), to give effect to this sub-Paragraph (d).

(e) The Demerged Company, pursuant to a notification in the Official Gazette dated October 22, 1968, issued by the Secretary to the Government, Haryana, Labour and employment departments, in exercise of the powers conferred under Paragraph 27-A of the Employees' Provident Funds Scheme, 1952, has been granted an exemption from the operations of the Employees' Provident Funds Scheme, 1952 and currently deposits the provident fund collections of certain employees into the fund, "Somany Provident Fund Institution". Subject to receipt of appropriate regulatory approvals, it is proposed that the Somany Provident Fund Institution may be restructured to permit Resulting Company 1 to utilize the same for depositing the provident fund collections of its employees as well.

(f) The Demerged Company has set up a fund, by the name of "H S I Employees' Gratuity Fund", to meet the gratuity obligations of the Demerged Company towards its eligible employees. Subject to receipt of appropriate regulatory approvals, it is proposed that the H S I Employees' Gratuity Fund may be restructured to permit Resulting Company 1 to utilize the same for its gratuity obligations towards its employees as well.

7.1.6 **Continuation of Legal Proceedings**

(a) From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the CPDM Undertaking and/or the Retail Undertaking (**"Demerged Undertaking Proceedings"**) shall be continued and enforced by or against Resulting Company 1 after the Effective Date, to the extent legally permissible. To the extent such Demerged Undertaking Proceedings cannot be taken over by Resulting Company 1, such proceedings shall be pursued by the Demerged Company as per the instructions of and entirely at the costs and expenses of Resulting Company 1.

(b) If the Demerged Undertaking Proceedings are taken against the Demerged Company in respect of the matters referred to in Paragraph 7.1.6(a) above, it shall defend the same in accordance with the advice of Resulting Company 1 and at the cost of Resulting Company 1, and the latter shall reimburse and indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

(c) If any Demerged Undertaking Proceedings is pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against Resulting Company 1 in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.

(d) In the event of any difference or difficulty on whether any specific legal or other proceedings relates to the CPDM Undertaking or the Retail Undertaking or not, the decision of the Board of Directors of the Demerged Company in this regard shall be conclusive and binding on the Demerged Company and Resulting Company 1.

7.1.7 **Treatment of taxes**

(a) With effect from the Appointed Date and upon the Scheme becoming effective, all taxes and duties payable by the Demerged Company, accruing and relating to the operations of the CPDM Undertaking and/or the Retail Undertaking from the Appointed Date onwards, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims, as the case may be, of Resulting Company 1.

(b) Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including MAT credit), Cenvat, customs, VAT, sales tax, service tax, goods and services tax (GST), etc. relating to the CPDM Undertaking and/or the Retail Undertaking to which the Demerged Company is entitled to shall be available to and vest in Resulting Company 1, without any further act or deed.

(c) Upon this Scheme becoming effective, the Demerged Company and Resulting Company 1 are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, service tax returns, goods and services tax (GST) returns and other tax returns for the period commencing on and from the Appointed Date, and to claim refunds/ credits, pursuant to the provisions of this Scheme.

(d) The Board of Directors of the Demerged Company shall be empowered to determine if any specific tax liability or any tax proceeding relates to the CPDM Undertaking and/or the Retail Undertaking and whether the same would be transferred to Resulting Company 1.

(e) Upon this Scheme becoming effective, any tax deposited, certificates issued or returns filed by the Demerged Company relating to the CPDM Undertaking and/or the Retail Undertaking shall continue to hold good as if such amounts were deposited, certificates were issued and returns were filed by Resulting Company 1.

(f) All the expenses incurred by the Demerged Company and Resulting Company 1 in relation to the demerger of the CPDM Undertaking and the Retail Undertaking, as per Part B of this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Demerged Company and Resulting Company 1 in accordance with Section 35DD of the IT Act over a period of 5 years beginning with the previous year in which this Scheme becomes effective.

7.1.8 **Saving of concluded transactions**.

The transfer of Assets and Liabilities to, and the continuance of proceedings by, or against, Resulting Company 1 as envisaged in Part B above shall not affect any transaction or proceedings already concluded by the Demerged Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that Resulting Company 1 accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.

7.1.9 **Conduct of Business**

(a) With effect from the Appointed Date and up to and including the Effective Date:

(i) The Demerged Company undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and Assets of each of the CPDM Undertaking and the Retail Undertaking, for and on account of and in trust for Resulting Company 1;

(ii) All profits accruing to the Demerged Company and all taxes thereon or losses arising or incurred by it with respect to each of the CPDM Undertaking and the Retail Undertaking shall, for all purposes, be treated as and deemed to be the profits, taxes or losses, as the case may be, of Resulting Company 1;

(iii) the Demerged Company shall carry on the business of each of the CPDM Undertaking and the Retail Undertaking with reasonable diligence and business prudence and in the same manner as it had been doing hitherto and shall be entitled to take all decisions in relation to the CPDM Undertaking and the Retail Undertaking, as may be required; and

(iv) except with the consent of the Board of Directors of the Demerged Company and Resulting Company 1, Resulting Company 1 shall not make any change in its capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner effect the reorganisation of capital of Resulting Company 1.

(b) Resulting Company 1 shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which Resulting Company 1 may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any Applicable Law for time being in force for carrying on business of the CPDM Undertaking and the Retail Undertaking.

7.1.10 **Amendment to Articles of Association of Resulting Company 1**

(a) Upon coming into effect of the Scheme, the articles of association of the Demerged Company as at the Effective Date, shall *mutatis mutandis* become applicable to Resulting Company 1, without the requirement to do any further act or thing.

(b) The abovementioned change, being an integral part of the Scheme, it is hereby provided that the said revision to the articles of association of Resulting Company 1 shall be effective by virtue of the fact that the shareholders of Resulting Company 1, while approving the Scheme as a whole, have also resolved and accorded the relevant consent as required respectively under the applicable provisions of the Act and shall not be required to pass any separate resolution(s).



PART C

8. DEMERGER OF THE BPDM UNDERTAKING INTO RESULTING COMPANY 2

8.1 Transfer and vesting of the BPDM Undertaking

8.1.1 Upon this Scheme becoming effective and with effect from the Appointed Date, the BPDM Undertaking of the Demerged Company shall stand demerged and transferred and be vested in Resulting Company 2, on a going concern basis, without any further act or deed, so as to become as and from the Appointed Date, the undertaking of Resulting Company 2, and to vest in Resulting Company 2, all the rights, title, interest or obligations of the BPDM Undertaking therein, in the manner described hereunder.

8.1.2 **Transfer of Assets**

(a) Upon this Scheme becoming effective and with effect from the Appointed Date, any and all Assets relating to the BPDM Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by delivery instructions in relation to dematerialised shares or transfer by vesting and recordal pursuant to this Scheme, shall stand transferred to and vested in Resulting Company 2 and shall become the property and an integral part of Resulting Company 2. The vesting pursuant to this sub- Paragraph (a) shall be deemed to have occurred by manual delivery or endorsement and delivery or by delivery instructions in relation to dematerialised shares or by vesting, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

(b) Upon this Scheme becoming effective and with effect from the Appointed Date, any and all movable Assets of the Demerged Company relating to the BPDM Undertaking, other than those specified above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons shall without any further act, instrument or deed become the property of Resulting Company 2.

(c) Upon this Scheme becoming effective and with effect from the Appointed Date, all immovable properties (including land together with the buildings and structures standing thereon) of the Demerged Company relating to the BPDM Undertaking, whether freehold or leasehold, as the case may be, and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Resulting Company 2, subject to Applicable Law, without any act or deed required by the Demerged Company and Resulting Company 2. Upon this Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes, as applicable, and fulfill all obligations, in relation to or applicable to such immovable properties.

(d) Upon this Scheme becoming effective and with effect from the Appointed Date, the Intellectual Property Rights of the Demerged Company relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I) shall, without further act or deed, stand transferred and vested in Resulting Company 2. This Scheme shall serve as a requisite consent for use and transfer of such Intellectual Property

Rights without requiring the execution of any further deed or document as to transfer of the said Intellectual Property Rights in favour of Resulting Company 2. Upon the Scheme becoming effective, and to the extent required by the Demerged Company and Resulting Company 1, Resulting Company 2 may grant to them the right to use the trademarks being transferred to it pursuant to this Scheme by way of a license, on such terms and conditions as may be mutually agreed between the relevant parties.

(e) Upon this Scheme becoming effective and with effect from the Appointed Date, the Demerged Company agrees to execute and deliver, at the request of Resulting Company 2, all papers and instruments required in respect of all Intellectual Property Rights, to vest such rights, title and interest in the name of Resulting Company 2 and in order to update the records of the respective registries to reflect the name and address of Resulting Company 2 as the current owner of the Intellectual Property Rights.

(f) In relation to Assets belonging to the BPDM Undertaking, which require separate documents for vesting in Resulting Company 2, or which the Demerged Company and/ or Resulting Company 2 otherwise desire to be vested separately, the Demerged Company and Resulting Company 2 will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.

(g) All Assets acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the BPDM Undertaking shall be deemed to have been acquired for and on behalf of Resulting Company 2 and shall also stand transferred to and vested in Resulting Company 2, with effect from the Effective Date.

(h) It is hereby clarified that if any Assets in relation to the BPDM Undertaking which the Demerged Company owns, cannot be transferred to Resulting Company 2 for any reason whatsoever, the Demerged Company shall hold such Asset in trust for the benefit of Resulting Company 2.

(i) Upon this Scheme becoming effective, the past track record of the Demerged Company relating to the BPDM Undertaking, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be the track record of Resulting Company 2 for all commercial and regulatory purposes, including for the purposes of eligibility, standing, evaluation and participation of Resulting Company 2 in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

8.1.3 **Transfer of liabilities**

(a) Upon this Scheme becoming effective and with effect from the Appointed Date, all Liabilities of every kind, nature and description relating to the BPDM Undertaking shall, without any further act or deed, be transferred to, or be deemed to be transferred to Resulting Company 2 so as to become, from the Appointed Date, the Liabilities of Resulting Company 2 and Resulting Company 2 undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen, in order to give effect to the provisions of this sub- Paragraph.

(b) Where any of the liabilities and obligations pertaining to the BPDM Undertaking on the Appointed Date, has been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of Resulting Company 2.

(c) All loans raised and used, and Liabilities incurred, if any, by the Demerged Company after the Appointed Date, but prior to the Effective Date, for the BPDM Undertaking shall be deemed to be transferred to, and discharged by Resulting Company 2 without any further act or deed.

(d) Upon the Scheme becoming effective, the secured creditors of the Demerged Company, relating to the Remaining Undertaking shall not be entitled to security over properties, Assets, rights, benefits and interest of Resulting Company 2.

(e) The vesting of the BPDM Undertaking as aforesaid shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the BPDM Undertaking, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the Assets of the BPDM Undertaking have been or are offered or agreed to be offered as securities for any financial assistance or obligations, shall be construed as a reference to only the Assets pertaining to the BPDM Undertaking, as applicable, as are vested in Resulting Company 2 as per this Scheme, to the end and intent that any such security, charge, hypothecation and mortgage shall not extend or be deemed to extend to any of the other Assets of the Demerged Company or any of the Assets of Resulting Company 2. Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the Assets, or any part thereof, of Resulting Company 2 shall continue with respect to such Asset, or part thereof, and this Scheme shall not operate to enlarge such securities, charges, hypothecation and mortgages.

(f) The provisions of Paragraph 8.1.3(e) above shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions. For avoidance of doubt the provisions of Paragraph 8.1.3(e) above shall not be construed as limiting the operation of Part E of this Scheme.

(g) Upon this Scheme becoming effective, the borrowing limits of Resulting Company 2 shall, without any further act or deed, stand enhanced by an amount being the aggregate of the Liabilities pertaining to the BPDM Undertaking which are being transferred to Resulting Company 2 pursuant to this Scheme and Resulting Company 2 shall not be required to pass any separate resolution in this regard.

8.1.4 **Contracts, Deeds, Bonds and Other Instruments**

(a) Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, agreements entered into with various persons including independent consultants, subsidiaries/ associate companies and other shareholders of such subsidiaries/ associate companies, arrangements and other instruments of whatsoever nature in relation to the BPDM Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date,

shall continue in full force and effect on or against or in favour, as the case may be, of Resulting Company 2 and may be enforced as fully and effectually as if, instead of the Demerged Company, Resulting Company 2 had been a party or beneficiary or obligee thereto or thereunder.

(b) Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the BPDM Undertaking with Resulting Company 2 occurs by virtue of this Scheme itself, Resulting Company 2 may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above. Resulting Company 2 shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

(c) Without prejudice to the generality of the foregoing, it is clarified that upon this Scheme becoming effective and with effect from the Appointed Date, all consents, agreements, permissions, all statutory or regulatory licences, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the BPDM Undertaking shall stand transferred to Resulting Company 2 as if the same were originally given by, issued to or executed in favour of Resulting Company 2, and Resulting Company 2 shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to Resulting Company 2. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority, or by any other person, or availed by the Demerged Company in relation to the BPDM Undertaking are concerned, the same shall vest with and be available to Resulting Company 2 on the same terms and conditions as applicable to the Demerged Company, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Resulting Company 2.

(d) The Demerged Company has set up a trust, by the name of "HSIL Corporate Social Responsibility Foundation", for the purpose of fulfilling its corporate social responsibility under the Companies Act, 2013, either singly or along with its subsidiary companies or along with any other company or holding or subsidiary company of such other company. Subject to provisions of the Companies Act, 2013, it is proposed that the HSIL Corporate Social Responsibility Foundation be restructured to permit Resulting Company 2 to utilize the same for fulfilling its corporate social responsibility under the Companies Act, 2013 as well.

(e) It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the BPDM Undertaking to which the Demerged Company is a party, cannot be transferred to Resulting Company 2 for any reason whatsoever, the Demerged Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resulting Company 2.

(f) Upon this Scheme becoming effective, all the resolutions, if any, of the Demerged

Company which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as the resolutions of Resulting Company 2, to the extent such resolutions pertain to the BPDM Undertaking, and, if any such resolutions have an upper monetary or any other limits imposed under the provisions of the Act, then the said limits shall apply *mutatis mutandis* to such resolutions and shall constitute the aggregate of the said limits in Resulting Company 2.

8.1.5 **Employees**

(a) Upon the Scheme becoming effective, all employees of the BPDM Undertaking shall be deemed to have become employees of Resulting Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Demerged Company, on the Effective Date. The services of such employees with the Demerged Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

(b) With regard to provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of such employees of the BPDM Undertaking, Resulting Company 2 shall, upon this Scheme becoming effective, stand substituted for the Demerged Company for all purposes whatsoever, including with regard to the obligation to make contributions to the said funds and schemes, in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents.

(c) The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Demerged Company for such employees of the BPDM Undertaking shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by Resulting Company 2 without any separate act or deed/ approval. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by Resulting Company 2 to the existing funds maintained by the Demerged Company.

(d) If any of the employees of the Demerged Company being transferred to Resulting Company 2 as part of this Scheme are covered under any directors and officers liability insurance policy ("**D&O Insurance**") policy taken by the Demerged Company as on the Effective Date, then, irrespective of their transfer to Resulting Company 2, such employees shall continue to be covered by such D&O Insurance, for the remainder of the term of the insurance policy, and the Demerged Company and/or Resulting Company 2, as the case may be, shall execute all documents as may be required, including with the insurance company(ies), to give effect to this sub-Paragraph (d).

(e) The Demerged Company, pursuant to a notification in the Official Gazette dated October 22, 1968, issued by the Secretary to the Government, Haryana, Labour and employment departments, in exercise of the powers conferred under Paragraph 27-A of the Employees' Provident Funds Scheme, 1952, has been granted an exemption from the operations of the Employees' Provident Funds Scheme, 1952 and currently deposits the provident fund collections of certain employees into the fund, "Somany Provident Fund

Institution". Subject to receipt of appropriate regulatory approvals, it is proposed that the Somany Provident Fund Institution may be restructured to permit Resulting Company 2 to utilize the same for depositing the provident fund collections of its employees as well.

(f) The Demerged Company has set up a fund, by the name of "H S I Employees' Gratuity Fund", to meet the gratuity obligations of the Demerged Company towards its eligible employees. Subject to receipt of appropriate regulatory approvals, it is proposed that the H S I Employees' Gratuity Fund may be restructured to permit Resulting Company 2 to utilize the same for its gratuity obligations towards its employees as well.

8.1.6 **Continuation of Legal Proceedings**

(a) From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in relating to the BPDM Undertaking ("**BPDM Undertaking Proceedings**") shall be continued and enforced by or against Resulting Company 2 after the Effective Date, to the extent legally permissible. To the extent such BPDM Undertaking Proceedings cannot be taken over by Resulting Company 2, such proceedings shall be pursued by the Demerged Company as per the instructions of and entirely at the costs and expenses of Resulting Company 2.

(b) If the BPDM Undertaking Proceedings are taken against the Demerged Company in respect of the matters referred to in Paragraph 8.1.6(a) above, it shall defend the same in accordance with the advice of Resulting Company 2 and at the cost of Resulting Company 2, and the latter shall reimburse and indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

(c) If any BPDM Undertaking Proceedings is pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against Resulting Company 2 in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.

(d) In the event of any difference or difficulty on whether any specific legal or other proceedings relates to the BPDM Undertaking or not, the decision of the Board of Directors of the Demerged Company in this regard shall be conclusive and binding on the Demerged Company and Resulting Company 2.

8.1.7 **Treatment of taxes**

(a) With effect from the Appointed Date and upon the Scheme becoming effective, all taxes and duties payable by the Demerged Company, accruing and relating to the operations of the BPDM Undertaking from the Appointed Date onwards, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims, as the case may be, of Resulting Company 2.

(b) Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of

carried forward losses and other statutory benefits, including in respect of income tax (including MAT credit), Cenvat, customs, VAT, sales tax, service tax, goods and services tax (GST), etc. relating to the BPDM Undertaking to which the Demerged Company is entitled to shall be available to and vest in Resulting Company 2, without any further act or deed.

(c) Upon this Scheme becoming effective, the Demerged Company and Resulting Company 2 are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, service tax returns, goods and services tax (GST) returns and other tax returns for the period commencing on and from the Appointed Date, and to claim refunds/ credits, pursuant to the provisions of this Scheme.

(d) The Board of Directors of the Demerged Company shall be empowered to determine if any specific tax liability or any tax proceeding relates to the BPDM Undertaking and whether the same would be transferred to Resulting Company 2.

(e) Upon this Scheme becoming effective, any tax deposited, certificates issued or returns filed by the Demerged Company relating to the BPDM Undertaking shall continue to hold good as if such amounts were deposited, certificates were issued and returns were filed by Resulting Company 2.

(f) All the expenses incurred by the Demerged Company and Resulting Company 2 in relation to the demerger of the BPDM Undertaking, as per Part C of this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Demerged Company and Resulting Company 2 in accordance with Section 35DD of the IT Act over a period of 5 years beginning with the previous year in which this Scheme becomes effective.

8.1.8 Saving of concluded transactions

The transfer of Assets and Liabilities to, and the continuance of proceedings by, or against, Resulting Company 2 as envisaged in Part C above shall not affect any transaction or proceedings already concluded by the Demerged Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that Resulting Company 2 accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.

8.1.9 Conduct of Business

(a) With effect from the Appointed Date and up to and including the Effective Date:

(i) The Demerged Company undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and Assets of the BPDM Undertaking, for and on account of and in trust for Resulting Company 2;

(ii) All profits accruing to the Demerged Company and all taxes thereon or losses arising or incurred by it with respect to the BPDM Undertaking shall, for all purposes, be treated as and deemed to be the profits, taxes or losses, as the case may be, of Resulting Company 2;

(iii) the Demerged Company shall carry on the business of the BPDM Undertaking

with reasonable diligence and business prudence and in the same manner as it had been doing hitherto and shall be entitled to take all decisions in relation to the BPDM Undertaking, as may be required; and

(iv) except with the consent of the Board of Directors of the Demerged Company and Resulting Company 2, Resulting Company 2 shall not make any change in its capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner effect the reorganisation of capital of Resulting Company 2.

(b) Resulting Company 2 shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which Resulting Company 2 may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any Applicable Law for time being in force for carrying on business of the BPDM Undertaking.

PART D

9. ISSUE OF NEW EQUITY SHARES AND CANCELLATION OF EXISTING SHARES

9.1 Resulting Company 1 shall have taken all necessary steps, including by way of passing all enabling corporate resolutions to increase or alter, to the extent required, its authorised share capital suitably so as to enable it to issue and allot the New Equity Shares under this Scheme and if applicable, for the issuance of the necessary share certificates and/or letters of allotment representing such Shares.

9.2 **Issuance of New Equity Shares**

9.2.1 Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1; and (b) the demerger of the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, Resulting Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Demerged Company as on the Record Date, 1 equity share of Rs. 2 each of Resulting Company 1 for every 1 equity share of Rs. 2 each of the Demerged Company.

9.2.2 Approval of this Scheme by the shareholders of Resulting Company 1 shall be deemed to mean that the said shareholders have also accorded all relevant consents under the Act for the issue and allotment of New Equity Shares by Resulting Company 1 to the shareholders of the Demerged Company.

9.2.3 The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company whose name is recorded in the register of members of the Demerged Company as holding shares as of the Record Date. Provided however that, the number of New Equity Shares will be equitably adjusted to reflect appropriately the effect of any share split, reverse share split, dividend, including any extra-ordinary cash dividend, reorganization, recapitalisation, reclassification, combination, exchange of shares, or other like change with respect to Resulting Company 1 shares on the books of Resulting Company 1 as on the Record Date.

9.2.4 In case any shareholder's shareholding in the Demerged Company is such that the shareholder becomes entitled to a fraction of an equity share in Resulting Company 1, Resulting Company 1 shall not allot fractional shares to such shareholder but shall consolidate such fractions and issue consolidated equity shares to a separate trustee nominated by Resulting Company 1 in that behalf, who shall sell such equity shares at prevailing market prices within a reasonable time frame after allotment and distribute the net sale proceeds by cheque (after deduction of tax and all other associated costs as applicable) to the shareholders of the Demerged Company, in proportion to their fractional entitlements. During consolidation of the fractional shares, if the sum of such fractional shares is not a whole integer, Resulting Company 1 shall issue such additional fractional share to the trustee, such that the total shares so issued shall be rounded off to the next whole integer. The issue of the fractional share by Resulting Company 1 to the trustee, shall form an integral part of the consideration to be paid under the Scheme.

9.2.5 The New Equity Shares shall be subject to the memorandum and articles of association of Resulting Company 1.

9.2.6 The issue and allotment of the New Equity Shares by Resulting Company 1 to the shareholders of the Demerged Company as provided in this Scheme is an integral part thereof and shall be deemed

to have been carried out as if the procedure laid down under Section 62 read with Section 42 of the Companies Act, 2013 and any other applicable provisions of the Act were duly complied with.

9.2.7 New Equity Shares shall be issued in dematerialised form, unless otherwise notified in writing by any shareholder of the Demerged Company on or before such date as may be determined by the Board of Directors of Resulting Company 1 or a duly authorised committee thereof. In the event that such notice has not been received by Resulting Company 1 in respect of any of the shareholders of the Demerged Company as of the Record Date, the equity shares shall be issued to such shareholders in dematerialised form provided that such shareholders shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event any shareholder has notified Resulting Company 1 as contemplated above that they desire to be issued shares in the physical form or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company 1 or if any shareholder holding shares in the physical form does not notify the account details of the depository participant for electronic credit of the shares of Resulting Company 1 as contemplated above, then Resulting Company 1 shall issue equity shares in physical form to such shareholders of the Demerged Company.

9.2.8 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date or the Effective Date, as the case may be to effectuate such a transfer in Resulting Company 1 as if such changes in the registered holders were operative on the Record Date, in order to remove any difficulties arising to the transfer of the share in Resulting Company 1 and in relation to New Equity Shares.

9.2.9 Equity shares to be issued by Resulting Company 1 pursuant to this Scheme, in respect of any equity shares of the Demerged Company, which are held in abeyance under the provisions of the Act or otherwise, shall pending allotment or settlement of dispute by order of Court or otherwise be held by the trustees appointed by Resulting Company 1.

9.3 **Cancellation of equity shares held by the Demerged Company in Resulting Company 1**

9.3.1 Simultaneous with the issuance of the New Equity Shares, in accordance with Paragraph 9.2 of this Scheme, the initial issued and paid up equity share capital of Resulting Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Demerged Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Demerged Company and its nominees representing the equity shares in Resulting Company 1 shall be deemed to be cancelled and from and after such cancellation.

9.3.2 The cancellation of the equity share capital held by the Demerged Company and its nominees in Resulting Company 1, in accordance with Paragraph 9.3.1 of this Scheme, shall be effected as a part of this Scheme itself and not under a separate procedure, in terms of Section 66 of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Companies Act, 2013, or any other applicable provisions, confirming the reduction. The consent of the shareholders of Resulting Company 1 to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the reduction under the provisions of Section 66 of the Companies Act, 2013 as well and no further compliances would be separately required.

9.3.3 Resulting Company 1 shall not be required to add the words "and reduced" as suffix to its name

consequent upon the reduction of capital under Paragraph 9.3.2 above

9.3.4 The reduction of capital of Resulting Company 1, as above, does not involve any diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.

9.4 The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new shareholders in Resulting Company 1, on account of the difficulties, if any, in the transition period.

9.5 Further, approval of this Scheme by the shareholders of Resulting Company 1 shall also be deemed to be the approval by the shareholders for enabling investment by foreign institutional investors / registered foreign portfolio investors, under the Portfolio Investment Scheme up to 40% of the paid up share capital of Resulting Company 1. Resulting Company 1 shall, upon the coming into effect of the Scheme, intimate the RBI and comply with such other requirements as mandated by the extant foreign exchange regulations relating thereto.

9.6 Listing of New Equity Shares

9.6.1 Post effectiveness of this Scheme, the share capital of Resulting Company 1, including the New Equity Shares to be issued and allotted by Resulting Company 1 in terms of Paragraph 9.2 above shall be listed and shall be admitted for trading on the Stock Exchanges by virtue of this Scheme and in accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017. Resulting Company 1 shall make all requisite applications and shall otherwise comply with the provisions of the aforesaid circulars and Applicable Laws and take all steps to get its share capital including the New Equity Shares issued by it in pursuance to this Scheme listed on the Stock Exchanges.

9.6.2 The New Equity Shares issued and allotted pursuant to this Scheme shall remain frozen in the depositories system until listing and trading permission is granted by the relevant designated Stock Exchange for their listing and trading. Post the issuance of the New Equity Shares by Resulting Company 1 in terms of Paragraph 9.2 of this Scheme, there shall be no change in the share capital of Resulting Company 1, including the New Equity Shares, or 'Control' in Resulting Company 1 between Record Date and the date of listing of the equity shares of Resulting Company 1, which may affect the status of the approval granted by the Stock Exchanges, and any other governmental authority in this regard.

10. ACCOUNTING TREATMENT

10.1 Accounting treatment in the books of account of the Demerged Company

10.1.1 The Board of Directors of the Demerged Company shall give effect to the Scheme in the books of account of the Demerged Company, as they deem fit, in accordance with the applicable Indian Accounting Standards and Generally Acceptable Accounting Principles.

10.1.2 The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of, (a) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:

(a) The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of

the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company.

(b) Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.

(c) Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.

(d) The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.

(e) The excess, if any, of Paragraphs 10.1.2(b) and 10.1.2(c) above, over Paragraphs 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.

(f) The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:

(i) Capital Reserve Account;

(ii) Securities Premium Account; and

(iii) General Reserve.

10.1.3 The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2 Accounting treatment in the books of Resulting Company 1

10.2.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:

(a) The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be reflected at their carrying amounts.

(b) Resulting Company 1 shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Demerged Company under Paragraph 9.2 of the Scheme.

(c) Resulting Company 1 shall record the Reserves, as determined by the Board of Directors



of the Demerged Company, in its financial statements

(d) The existing share capital of Resulting Company 1 shall be cancelled in accordance with Paragraph 9.3 of the Scheme.

(e) The difference, if any, from the accounting under the Paragraphs above, shall be recorded as capital reserve in the books of Resulting Company 1.

(f) Negative capital reserve, if any, created pursuant to Paragraphs above, shall be adjusted against the existing reserves of Resulting Company 1, in the manner as decided by its Board of Directors, in consultation with its Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.2.2 The existing shareholding of the Demerged Company in Resulting Company 1 shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. Face value of the equity shares so cancelled, shall be credited to the capital reserve account of Resulting Company 1.

10.2.3 The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2.4 The Board of Directors of Resulting Company 1 shall give effect to the Scheme in the books of account of Resulting Company 1, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

10.3 **Accounting treatment in the books of Resulting Company 2**

10.3.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall account for the demerger of the BPDM Undertaking, pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 2:

(a) The assets and liabilities of the BPDM Undertaking shall be reflected at their carrying amounts.

(b) Resulting Company 2 shall record the reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(c) The difference, if any, from the accounting under the Paragraphs 10.3.1(a) and (b) above shall be recorded as capital reserve.

(d) Negative capital reserve, if any, created pursuant to the Paragraphs 10.3.1(a) and (b) above, shall be adjusted against the existing reserves of Resulting Company 2, in the manner as decided by its Board of Directors, in consultation with the Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.3.2 The reduction, if any, under Paragraph 10.3.1(d) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.3.3 The Board of Directors of Resulting Company 2 shall give effect to the Scheme in the books of account of Resulting Company 2, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

11. REMAINING UNDERTAKING

11.1 The Remaining Undertaking and all the Assets, properties, rights, Liabilities and obligations thereto shall continue to belong to and be vested in and be managed by the Demerged Company and Resulting Company 1 and Resulting Company 2 shall have no right, claim or obligation in relation to the Remaining Undertaking. From the Appointed Date, the Demerged Company shall carry on the activities and operations of the Remaining Undertaking distinctly and as a separate business from the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking.

11.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking shall be continued and enforced by or against the Demerged Company after the Effective Date. Resulting Company 1 and Resulting Company 2 shall in no event be responsible or liable in relation to any such legal or other proceeding against the Demerged Company.

11.3 With effect from the Appointed Date and up to, including and beyond the Effective Date, the Demerged Company:

(a) shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Undertaking for and on its own behalf; and

(b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of the Demerged Company.

PART E - GENERAL TERMS AND CONDITIONS

12. **Application to the Hon'ble Tribunal**

12.1 The Demerged Company shall have obtained an observation/no-objection letter from the Stock Exchanges, in accordance with Applicable Laws.

12.2 The Demerged Company, Resulting Company 1 and Resulting Company 2 shall make the requisite joint company applications under Sections 230 to 232 of the Companies Act, 2013 and Section 66 of the Companies Act, 2013 other applicable provisions of the Act, to the Hon'ble Tribunal, for seeking sanction of this Scheme.

13. **Modifications to the Scheme**

13.1 The Companies (acting through their respective Board of Directors) may, in their full and absolute discretion, assent to any amendments, alterations or modifications to this Scheme, in part or in whole, which the Hon'ble Tribunal and/or any other authorities may deem fit to direct, approve or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out this Scheme, including any individual part thereof, or if the Board of Directors are of the view that the coming into effect of this Scheme, in part or in whole, in terms of the provisions of this Scheme, could have an adverse implication on all or any of the Companies. Each of the Companies (acting through their respective Board of Directors) be and are hereby authorised to take such steps and do all acts, deeds and things, as may be necessary, desirable or proper to give effect to this Scheme, in part or in whole and to resolve any doubts, difficulties or questions whether by reason of the order of the Hon'ble Tribunal or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith and may also in their full and absolute discretion, withdraw or abandon this Scheme, or any individual part thereof, at any stage prior to the Effective Date.

13.2 If any part of this Scheme is held invalid, ruled illegal by any court of competent jurisdiction, or becomes unenforceable for any reason, whatsoever, whether under present or future laws, then it is the intention of the Companies that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either of the Companies in which case the Companies shall attempt to bring about a modification in this Scheme, as will best preserve for the Companies the benefits and obligations of this Scheme, including but not limited to such part.

14. **Conditions for the scheme becoming effective**

14.1 The demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1 and demerger of the BPDM Undertaking into Resulting Company 2 are conditional upon and subject to:

(a) the sanction for the Scheme, by the Hon'ble Tribunal, under Sections 230 to 232 and Section 66 of the Companies Act, 2013, being obtained; and

(b) a certified copy of the order of the Hon'ble Tribunal sanctioning the Scheme being filed with the Registrar of Companies, Kolkata, by each of the Companies.

14.2 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety, unless specifically agreed otherwise by the Board of Directors of the Demerged Company.

15. **Sequence of coming into effect of this Scheme**

15.1 The Scheme shall come into operation from the Effective Date, but with effect from the Appointed Date.

15.2 Upon this Scheme becoming effective, with effect from the Appointed Date, Part B and Part C of the Scheme shall be deemed to have occurred and become effective and operative simultaneously.

16. **Revocation, Withdrawal of this Scheme**

Subject to the order of the Hon'ble Tribunal, the Board of Directors of the Demerged Company shall be entitled to revoke, cancel, withdraw and declare this Scheme of no effect at any stage if, (a) this Scheme is not being sanctioned by the Hon'ble Tribunal or if any of the consents, approvals, permissions, resolutions, agreements, sanctions and conditions required for giving effect to this Scheme are not obtained or for any other reason; (b) in case any condition or alteration imposed by the shareholders and/or creditors of the Companies, the Hon'ble Tribunal or any other authority is not acceptable to the Board of Directors of the Demerged Company; or (c) the Board of Directors of the Demerged Company are of the view that the coming into effect of this Scheme, in terms of the provisions of this Scheme, or filing of the drawn up order with any governmental authority could have adverse implication on all or any of the Companies. On revocation, withdrawal, or cancellation, this Scheme shall stand revoked, withdrawn, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* between the Companies or their respective shareholders or creditors or employees or any other person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the Applicable Law and in such case, the Demerged Company shall bear all costs relating to this Scheme unless otherwise mutually agreed.

17. **Effect of non-receipt of approvals**

In case this Scheme is not sanctioned by the Hon'ble Tribunal, or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in this Scheme not being obtained or complied or for any other reason, if this Scheme cannot be implemented, then, this Scheme shall become null and void, and the Demerged Company shall bear the entire cost, charges and expenses in connection with this Scheme unless otherwise mutually agreed.

18. **Costs, charges and expenses**

All costs, charges, fees, taxes including duties, stamp duties, levies and all other expenses, if any (save as expressly agreed otherwise or if directed by the Hon'ble Tribunal) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by the Demerged Company.

19. Based on mutual agreement between the Board of Directors of the Demerged Company, Resulting Company 1 and Resulting Company 2 and subject to the provisions of Applicable Law, the Board



of Directors of the Companies may authorise the execution of appropriate arrangements between the Companies and the lenders, as may be required, in respect of any loans raised by the Demerged Company prior to the Effective Date.

20. **Dividend/ Distribution of Profits**

The Companies shall be entitled to declare and make a distribution/ pay dividends, whether interim or final, and/or issue bonus shares, to their respective members/shareholders prior to the Effective Date in accordance with Applicable Law.

21. **Compliance with Applicable Laws**

The Companies undertake to comply with all Applicable Laws (including all applicable compliances required by SEBI and the Stock Exchanges) including making the requisite intimations and disclosures to any statutory or regulatory authority and obtaining the requisite consent, approval or permission of the central government, RBI (if required), SEBI, Stock Exchanges, Competition Commission of India (if required) or any other statutory or regulatory authority, which by law may be required for the implementation of this Scheme or which by law may be required in relation to any matters connected with this Scheme.

22. **Provisions incorporated as per directions of SEBI/Stock Exchanges**

Action taken by SEBI/RBI

SEBI has issued a common order, Order No. WTM/PS/OS/CFD/JUNE/2013, dated June 04, 2013, against 105 listed companies, including India Power Corporation Limited (previously known as DPSC Limited), for non-compliance with the SEBI requirements of maintaining minimum public shareholding in a listed company. By way of the said order, the directors of all such companies, including India Power Corporation Limited, were *inter alia* (a) prohibited from buying, selling or otherwise dealing in securities of such non-compliant companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with the minimum public shareholding requirement; and (b) restrained from holding any new position as a director in any listed company, till such time such non-compliant companies comply with the minimum public shareholding requirement. The Demerged Company has been given to understand that Mr. Nand Gopal Khaitan (DIN: 00020588), an independent director on its Board of Directors since September 27, 1996, was also an independent director on the board of directors of India Power Corporation Limited at the time the said order was passed. The Demerged Company further understands that Mr. Nand Gopal Khaitan has filed an appeal against the said order of SEBI before the Securities Appellate Tribunal, which appeal is currently pending.

India Power Corporation Limited is not in any way related to, or affiliated with, the Demerged Company, Resulting Company 1 or Resulting Company 2. Further, it is pertinent to note that the aforementioned order of SEBI is against Mr. Nand Gopal Khaitan in his individual capacity and has no legal implication on the Demerged Company, Resulting Company 1 or Resulting Company 2.

SCHEDULE I

Registered trademarks forming part of the BPDM Undertaking

	Trademark	Application Number
1.	Dura Clay	239214
2.	Hinsan Heat Rings	290967
3.	Zircodence	366563
4.	Alludence	366562
5.	Zircohind	346478
6.	Duravit	411139
7.	H-Vitreous	1780268
8.	HSI Vitreous Hindware	529824
9.	H-VITREOUS HINDWARE	529823
10.	H-VITEROUS HINDWARE HINDUSTAN SANITARYWARE & INDUSTRIES LIMITED	1249275
11.	HINDWARE	608202B
12.	Hindware (stylized)	1270477
13.	hindware	2127595
14.	hindware ITALIAN COLLECTION	2118863
15.	Hindware ITALIAN COLLECTION	1270478
16.	Hindware PREMIUM	1270487
17.	BURROW BACK SEAT	969214
18.	PADDLE BOAT SEAT	969216
19.	Relaxa Seat	969215
20.	CASCADE STEPS	969213
21.	SLEEK HAI TO THEEK HAI	929840

22	Sleek	1244117
23	Sleek Ultra (label)	1112898
24	LISPO	1505314
25	LISPO	1505315
26	PONCHO	1467358
27	BENE LAVE	1589347
28	BENE LAVE	1589341
29	BENE LAVE	1589348
30	BENE LAVE	1589349
31	BENE LAVE	1589350
32	BENE LAVE	1589353
33	BENE LAVE	1589352
34	BENE LAVE	1589351
35	BENELAVE	2159751
36	BENELAVE	2159749
37	hindware ITALIAN COLLECTION	2127594
38	hindware ART	2127596
39	hindware ART	2118862
40	GERMI CLEAN from Hindware	1784754
41	hindware sleek essence	2799128
42	magari	2991258
43	magari	2991256
44	magari	2991259
45	magari	2991260
46	mamma mia	2991257

47	mamma mia	2991255
48	cbello	2991263
49	cbello	2991261
50	hindware	2159746
51	Intaliano by hindware	3407012
52	Intaliano by hindware	3407011
53	hindware ITALIA	3407001
54	HINDWARE ITALIA	3407291
55	INTALIANO BY HINDWARE	3407298
56	ITALIA BY HINDWARE	3407292
57	INTALIANO BY HINDWARE	3407299
58	Intaliano by hindware	3407010
59	ITALIA BY HINDWARE	3407293
60	INTALIANO BY HINDWARE	3407300
61	hindware ITALIAN COLLECTION BATHROOMS YOU KEEPADMIRING (LABEL)	2991264
62	Intaliano	3407007
63	INTALIANO	3407294
64	INTALIANO	3407295
65	INTALIANO	3407296
66	INTALIANO	3407297
67	Hindware British Collection	3455646
68	Hindware British Collection	3455647
69	Hindware German Collection	3455650
70	Hindware English Collection	3455653

71.	Hindware English Collection	3455654
72.	Hindware French Collection	3455655
73.	Hindware Paris Collection	3455658
74.	HINDWARE SPANISH COLLECTION	3459928
75.	HINDWARE SPANISH COLLECTION	3459929
76.	Hindware Paris Collection	3455649
77.	Hindware English Collection	3455652
78.	Hindware French Collection	3455656
79.	Hindware French Collection	3455657
80.	TRUFLO PIPES & FITTINGS BY HINDWARE	3315070
81.	TRUFLO PIPES & FITTINGS BY HINDWARE LEAKAGE NAHI FLOW BHI SAHI	3315085
82.	TRUFLO PIPES & FITTINGS BY HINDWARE LEAKAGE NAHI FLOW BHI SAHI	3315086
83.	TRUFLO PIPES BY HINDWARE	3315061
84.	TRUFLO BY HINDWARE	3315073
85.	TRUFLO BY HINDWARE	3315074
86.	TRUFLO BY HINDWARE	3315076
87.	TRUFLO	3313836
88.	TRUFLO BY HINDWARE	3315078
89.	TRUFLO PIPES & FITTINGS BY HINDWARE	3315079
90.	TRUFLO PIPES & FITTINGS BY HINDWARE	3315080
91.	TRUFLO PIPES & FITTINGS BY HINDWARE	3315084
92.	TRUFLO PIPES BY HINDWARE	3313829
93.	TRUFLO FITTINGS BY HINDWARE LEAKAGE FULL STOP	3313878
94.	TRUFLO BY HINDWARE	3313854

95	TRUFLO PIPES BY HINDWARE	3315062
96	TRUFLO PIPES & FITTING BY HINDWARE	3315068
97	TRUFLO PIPES BY HINDWARE LEAKAGE FULL STOP	3313865
98	TRUFLO FITTINGS BY HINDWARE LEAKAGE NAHI FLOW BHI SAHI	3313877
99	TRUFLO FITTINGS BY HINDWARE	3313850
100.	TRUFLO	3313838
101.	TRUFLO	3313839
102.	TRUFLO PIPES & FITTINGS BY HINDWARE LEAKAGE NAHI FLOW BHI SAHI	3315090
103.	TRUFLO PIPES BY HINDWARE	3313827
104.	TRUFLO FITTINGS BY HINDWARE	3313853
105.	TRUFLO PIPES BY HINDWARE	3313828
106.	TRUFLO PIPES BY HINDWARE	3315064
107.	TRUFLO PIPES BY HINDWARE	3315066
108.	TRUFLO PIPES & FITTINGS BY HINDWARE LEAKAGES FULL STOP	3313866

SCHEDULE II

Registered trademarks forming part of the CPDM Undertaking

1.	SNOWCREST	3201515
2.	MOONBOW EZILI	3297411
3.	MOONBOW ACHELOUS	3297410

SCHEDULE III

Registered trademarks and copyrights forming part of the Retail Undertaking

I. **Registered trademarks forming part of the Retail Undertaking**

SI.No.	Particulars	Registration Number
1.	evok (word per se)	1589342
2.	evok homes with soul	1677516
3.	evok	1579362
4.	evok homes with soul	1677517
5.	evok	1502530
6.	evok	1512242
7.	EVOK HOMES WITH SOUL	1677518
8.	evok (word per se)	1579363
9.	evok HOMES WITH SOUL	1677519
10.	evok	1579364
11.	evok homes with soul	1677520
12.	evok	1579365
13.	evok homes with soul	1677521
14.	INCASA	1502533
15.	evok	1502535
16.	evok	1512243
17.	evok	1677522

	homes with soul	
18.	evok	1502529
19.	evok (logo)	1512244
20.	evok HOMES WITH SOUL	1677523
21.	evok	1502536
22.	evok	1512245
23.	EVOK HOMES WITH SOUL	1677524
24.	evok	1502537
25.	evok	1512246
26.	evok homes with soul	1677525
27.	evok	1502531
28.	evok (word per se)	1512247
29.	EVOK HOMES WITH SOUL	1677526
30.	INCASA	1502534
31.	evok	1502538
32.	evok	1512248
33.	EVOK HOMES WITH SOUL	1677527
34.	evok HOMES WITH SOUL	1677528
35.	evok	1502532
36.	Evok (LOGO)	1512249
37.	evok homes with soul	1677529

2. **Copyrights forming part of the Retail Undertaking:**

(a) EVOK Homes With Soul The Home Fashion Mega Store (LABEL); and

(b) EVOK Homes With Soul (LABEL).

IN THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH, AT KOLKATA

CA (CAA) No. 649/KB/2018

In the matter of:
The Companies Act, 2013;

And
In the matter of:
Sections 230, 231 and 232 of the said Act;

And
In the matter of:
M/S HSIL LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700001;
...Applicant Company no. 1/ Transferor Company

And
In the matter of:
M/S SOMANY HOME INNOVATION LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001;
...Applicant Company no. 2/ First Transferee Company

And
In the matter of:

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M/S BRILLOCA LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001;

...Applicant Company no. 3/ Second Transferee Company

And

In the matter of:

1. M/S HSIL LIMITED
2. M/S SOMANY HOME INNOVATION LIMITED
3. M/S BRILLOCA LIMITED

.... Applicants

Coram : Shri Jinan K.R., Member(Judicial)

For the Applicant :

Mrs. Manju Bhuteria, Advocate
Ms. Pooja Jewrajka, Advocate

Date of pronouncement of order: 2|8|2018

ORDER

Per Shri Jinan K.R., Member(Judicial)

1. The instant joint application has been filed for the purpose of ultimately obtaining sanction of this Tribunal to a Scheme, pursuant to and under the provisions of Sections 230 and 232 of the Act and the relevant provisions thereunder, in

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the manner provided in the Scheme, whereby a)all the assets and liabilities pertaining to the CPDM Undertaking and the Retail Undertaking of the Transferor Company shall be demerged and transferred to and be vested in the First Transferee Company, each on a going concern basis and b)all the assets and liabilities pertaining to the BPDM Undertaking of the Transferor Company shall be demerged and transferred to and be vested in the Second Transferee Company , on a going concern basis, with effect from the Appointed Date and upon the Scheme becoming effective. A copy of the Scheme is annexed to the application and marked as **'Annexure A'.** [Page 43 of the Application]

2. It is stated in the proposed Scheme of Arrangement that the segregation of businesses as envisaged in the Scheme will enable sharper focus and better alignment of the businesses to its customers and shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

3. It is stated in the proposed Scheme of Arrangement that the Scheme shall enable each of the Demerged Undertakings and

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the Remaining Undertakings to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles and shall result in creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertakings.

4. It is stated in the proposed Scheme of Arrangement that the Scheme shall benefit all stakeholders, leading to growth and value creation in the long run and maximizing the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.

5. The Board of Directors of each of the Applicant Companies have, at their Board meeting held on November 10, 2017 approved the Scheme. The Board Resolutions are annexed to the application and marked as **'Annexure E'**, [Page 421 of the Application], **'Annexure L'**, [Page 514 of the Application] and **'Annexure T'**. [Page 620 of the Application].

6. It is further stated in the application that the aggregate assets of all the Applicant Companies are more than sufficient to meet all the liabilities and the said Scheme will not adversely

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affect the rights of any of the creditors of the Applicant Companies, in any manner whatsoever and due provisions have been made for payment of all liabilities, as and when the same shall fall due in usual course.

7. It is further stated in the application that no investigation proceedings are pending against the Applicant Companies under Sections 210, 213 to 217, 219, 220, 222 to 227 of the Companies Act, 2013 or any other provisions thereof.

8. A firm of Chartered Accountant has prepared a Report determining the Share Entitlement Ratio upon implementation of the Scheme. A copy of the Report is annexed to the application and marked as **'Annexure X'.** [Page 657 of the Application].

9. The Statutory Auditors of each of the applicant companies have provided a certificate to the effect that the Accounting Treatment in the Scheme is in compliance with the applicable Accounting Standards and the Generally Accepted Accounting Principles in India. Copies of such certificated dated November 10, 2017 are annexed to the application and marked as **'Annexure BB'.** [Page 688 of the Application], **'Annexure CC'.** [Page 694 of the Application] and **'Annexure DD'.** [Page

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700 of the Application].

10. It is also stated in the application that the said Scheme of Arrangement is fair, reasonable and practicable and that the terms and conditions of the said Scheme will not adversely affect the shareholders or creditors of the Applicant Companies.

11. The National Stock Exchange of India Limited, the stock exchange on which the equity shares of the Transferor Company are listed, has *vide* its observation letter dated April 23, 2018 granted its no objection to the filing of the Scheme before this Hon'ble Tribunal. A copy of the said letter is annexed to the application and marked as **'Annexure Z'.** [Page 684 of the Application].

12. The BSE Limited, the stock exchange on which the equity shares of the Transferor Company are also listed, has *vide* its observation letter dated April 24, 2018 granted its no objection to the filing of the Scheme before this Hon'ble Tribunal. A copy of the said letter is annexed to the application and marked as **'Annexure AA'.** [Page 686 of the Application]

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13. It is stated that the Scheme does not in any way violate, override or circumvent any provision of the Companies Act, 2013 and the rules and regulations issued thereunder.

14. It is further stated that the Scheme does not contemplate any scheme of corporate debt restructuring as provided for under Section 230(2)(c) of the Companies Act, 2013.

15. It is stated that as on March 31, 2018, the Transferor Company, a widely held, publicly listed company, has 28935 equity shareholders holding a total of 72296395 equity shares having a face value of Rs. 2/- each. In this regard, a certificate issued by a Chartered Accountant certifying the Shareholding pattern of the Transferor Company as on March 31, 2018 is annexed to the Application and marked as **'Annexure F'** [Page 430 of the Application].

16. It is stated that the Transferor Company has a total outstanding secured debt of Rs. 6,73,81,69,684/- as on April 25, 2018. A certificate issued by a Chartered Accountant certifying the total outstanding secured debt of the Transferor Company as on April 25, 2018 is annexed to the Application and marked as **'Annexure G'.** [Page 438 of the Application]

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17. It is stated that the Transferor Company has a total outstanding unsecured debt of Rs. 5,35,52,65,302/- as on April 25, 2018. A certificate issued by a Chartered Accountant certifying the total outstanding unsecured debt of the Transferor Company as on April 25, 2018 is annexed to the Application and marked as **'Annexure H'.** [Page 446 of the Application]

18. It is stated that as on the date of this Joint Applicant, the First Transferee Company has 7 (seven) equity shareholders and no preference shareholders. It is further stated that all the equity shareholders of the First Transferee Company representing 100% in number and 100% in value of the issued, subscribed and fully paid-up equity share capital of the First Transferee Company, have given their consent in writing agreeing to the Scheme and also consented to waive the holding and convening of the meeting of the shareholders of the First Transferee Company. In this regard, a certificate issued by a Chartered Accountant certifying the list of shareholders of the First Transferee Company as on April 25, 2018 along with the consent affidavits received from all the shareholders of the First Transferee Company are annexed to the Application and marked as **'Annexure M'.** [Page 518 of

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the Application]

19. It is stated that as on March 31, 2018, the First Transferee Company has no secured creditors. In this regard, a certificate issued by a Chartered Accountant certifying that the First Transferee Company has nil secured creditors as on March 31, 2018 is annexed to the Application and marked as **'Annexure N'.** [Page 547 of the Application]

20. It is stated that as on March 31, 2018, the First Transferee Company has a total of 1 (one) unsecured creditor, being the Transferor Company, representing a total outstanding unsecured debt of 6,00,000/- (Rupees Six Lakh Only) as on March 31, 2018. In this regard, a certificate issued by a Chartered Accountant certifying that the Transferor Company is the only unsecured creditor of the First Transferee Company as on March 31, 2018 is annexed to the Application and marked as **'Annexure O'.** [Page 549 of the Application]. The consent affidavit received from the unsecured creditor is annexed to the Application and marked as **'Annexure P'.** [Page 551 of the Application].

21. It is stated that as on the date of this Joint Applicant, the Second Transferee Company has 7 (seven) equity

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shareholders and no preference shareholders. It is further stated that all the equity shareholders of the Second Transferee Company representing 100% in number and 100% in value of the issued, subscribed and fully paid-up equity share capital of the Second Transferee Company, have given their consent in writing agreeing to the Scheme and also consented to waive the holding and convening of the meeting of the shareholders of the Second Transferee Company. In this regard, a certificate issued by a Chartered Accountant certifying the list of shareholders of the Second Transferee Company as on April 25, 2018 along with the consent affidavits received from all the shareholders of the Second Transferee Company are annexed to the Application and marked as **'Annexure U'.** [Page 624 of the Application]

22. It is stated that as on March 31, 2018, the Second Transferee Company has no secured creditors. In this regard, a certificate issued by a Chartered Accountant certifying that the Second Transferee Company has nil secured creditors as on March 31, 2018 is annexed to the Application and marked as **'Annexure V'.** [Page 653 of the Application]

23. It is stated that as on March 31, 2018, the Second Transferee

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Company has no unsecured creditors. In this regard, a certificate issued by a Chartered Accountant certifying that the Second Transferee Company has nil unsecured creditors as on March 31, 2018 is annexed to the Application and marked as **'Annexure W'.** [Page 655 of the Application]

24. It is further stated that in compliance with SEBI circular bearing no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, the statutory auditor of the Transferor Company has issued a certificate dated November 10, 2017 of non applicability of requirements of Paragraph (I)(A)(9)(a) and Paragraph (I)(A)(9)(b) read with Paragraph (I)(A)(9)(c) of the said SEBI circular. A certified copy of the said certificate issued by the statutory auditor is annexed to the Application and marked as **'Annexure EE'.** [Page 706 of the Application]

25. Heard the learned Advocate, perused the records and documents annexed to the application and affidavits filed in the instant proceedings and on perusal of the submission made on behalf of the applicants, the following orders are passed herein by this Tribunal :

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(a) Separate meetings of the equity shareholders, secured creditors and unsecured creditors of the Transferor Company to be held at Somany Conference Hall of Merchants' Chamber Of Commerce, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata 700 001 on Saturday, September 29, 2018 at 11 AM, 1 PM and 1:30 PM respectively for the purpose of considering and if thought fit, approving, with or without modifications, the said Scheme.

(b) The notices of each of the aforesaid meetings shall be advertised in Form no. CAA 2, in one English newspaper being 'Financial Express' and in one Bengali newspaper being 'Aajkal' not less than 30 days before the date fixed for meetings as per Rule 7 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 with necessary variations, as may be required.

(c) That in addition, 30 (thirty) clear days before the meetings to be held as aforesaid, a notice convening the said meetings

together with copy of the Scheme and statement as required under the Companies Act 2013 disclosing necessary details and the prescribed form of proxy shall be sent to each of the said Equity shareholder, Secured creditors and Unsecured creditors of the Transferor Company by registered post or by speed post or by courier or by email or through hand delivery at their respective last known addresses, as per Rule 6 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016.

(d) The applicant companies shall serve notice of the petition on the following authorities, namely,

i. Central Government through Regional Director, Eastern region, Ministry of Corporate Affairs,

ii. Registrar of Companies, West Bengal,

iii. The Income Tax Department of the office having jurisdiction over the respective Applicant Companies,

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iv. The Official Liquidator and such other relevant and sectoral regulators/authorities, if applicable, which are likely to be affected by the proposed Scheme of arrangement by sending the same by hand delivery through special messenger or by registered post or speed post within 30 days from the date of this order for filing their representations, if any, on the petition. Notice along with the copy of the application and other related documents should be served upon the Chief Commissioner of Income Tax Department by email or speed post or by messenger. Applicant companies are also directed to mention their respective PAN no. everywhere.

(e) In view of the observations of The National Stock Exchange of India Limited and the BSE Limited stating that "It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of

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comments/observations on draft scheme by SEBI/stock exchange. Hence, the Company is not required to send notice for representation as mandated under section 230(5) of the Companies Act, 2013 to SEBI again for its comments/observations/representations.", the requirement to service of notice under Section 230(3) read with Section 230(5) of the Companies Act, 2013 to the Securities and Exchange Board of India as well as The National Stock Exchange of India Limited and the BSE Limited, the stock exchanges on which the equity shares of the Transferor Company are listed, is dispensed with.

(f) The notices served pursuant to (d) above shall specify that representations, if any, should be filed before this Tribunal within 30 days of date of receipt of the notice, with a copy of such representations being sent simultaneously to the Applicants and/or their authorized representatives. If no such representations are received by the Tribunal within the said

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period, it shall be presumed that such authorities have no representations to make on the Scheme of Arrangement.

(g) An Affidavit of Compliance of all the conditions laid down herein including newspaper publication and notice to all authorities to be filed by the Applicant Companies within seven days of service of the notice and newspaper publication.

(h) That the quorum for the aforesaid meeting of the equity shareholders of the Transferor Company shall be fixed in accordance with Section 103 of the Companies Act, 2013 present either personally or through proxy. If the Quorum as above is not present, the Chairman shall proceed with the meeting with one member Quorum, whether by person or by proxy.

(i) Voting at the said meeting of the equity shareholders of the Transferor Company shall be allowed in person and/or

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through proxy and/or through electronic means, as may be applicable to the Transferor Company under applicable laws.

(j) That the quorum for said meeting of the secured creditors of the Transferor Company shall be 5 in number, present either personally or through proxy. If the Quorum as above is not present, the Chairman shall proceed with the meeting with one secured creditor Quorum, whether by person or by proxy.

(k) That the quorum for said meeting of the unsecured creditors of the Transferor Company shall be 5 in number, present either personally or through proxy. If the Quorum as above is not present, the Chairman shall proceed with the meeting with one unsecured creditor Quorum, whether by person or by proxy.

(l) Mr. Somen Bose, Advocate, Mobile No. 9830288681) is appointed as the chairperson for the aforesaid meetings of Equity shareholders, secured creditors and unsecured

Sd

creditors of the Transferor Company at a consolidated remuneration of Rs. 60,000/- (Rupees Sixty thousand only)

(m) Ms. Manisha Suraj, CS, is appointed as the Scrutinizer for the aforesaid meetings of Equity shareholders, secured creditors and unsecured creditors of the Transferor Company at a consolidated remuneration of Rs. 40,000/- (Rupees forty thousand only)

(n) The Chairperson appointed for the aforesaid meetings shall issue notices or shall authorise any officer of the Transferor Company to issue notices of the aforesaid meetings. The said Chairperson shall have all powers under the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 in relation to conduct of the meetings including for deciding procedural questions that may arise or at any adjournment thereof or any other matter including an amendment to the Scheme, if any proposed at any meeting by any person(s).

(o) The Chairperson to file an affidavit not less than seven days before the date fixed for the holding of the meetings to report to this Tribunal that the direction regarding the issue of notices and the advertisement by the Applicants and all other directions given in this Order have been duly complied with as per Rule 12 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016.

(p) The Chairperson do report to this Tribunal the results of the said meetings within four weeks from the date of the conclusion of the said meetings and respective reports shall be in Form CAA 4 as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016, verified by his Affidavit.

(q) In view of the consent affidavits given by all the equity shareholders of the First Transferee Company, the requirement of holding and convening meeting of the equity shareholders of the First Transferee Company, to consider

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and, if thought fit, to approve, with or without modification, the Scheme is dispensed with.

(r) In view of the First Transferee Company having no secured creditors, the requirement of holding and convening meeting of the secured creditors of the First Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme does not arise.

(s) In view of the First Transferee Company having only one unsecured creditor and in view of the consent affidavit given by such unsecured creditor, the requirement of holding and convening meeting of the unsecured creditors of the First Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme is dispensed with.

(t) In view of the consent affidavits given by all the equity shareholders of the Second Transferee Company, the requirement of holding and convening meeting of the equity

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shareholders of the Second Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme is dispensed with.

(u) In view of the Second Transferee Company having no secured creditors, the requirement of holding and convening meeting of the secured creditors of the Second Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme does not arise.

(v) In view of the Second Transferee Company having no unsecured creditors, the requirement of holding and convening meeting of the unsecured creditors of the Second Transferee Company, to consider and, if thought fit, to approve, with or without modification, the Scheme does not arise.

(w) Parties and Chairperson to act on the Order.

26. The Company Application CA (CAA) No. 649/ KB of 2018 is disposed of accordingly.

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27. Urgent certified copies of this order, if applied for, be supplied to the parties upon compliance of all requisite formalities.

Sd

(Jinan K.R.)
Member(Judicial)

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IN THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH, AT KOLKATA

CA (CAA) No. 649/KB/2018

In the matter of:
The Companies Act, 2013;

And
In the matter of:
Sections 230, 231 and 232 of the said Act;

And
In the matter of:
M/S HSIL LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700001;
...Applicant Company no. 1/ Transferor Company

And
In the matter of:
M/S SOMANY HOME INNOVATION LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001;
...Applicant Company no. 2/ First Transferee Company

And
In the matter of:
M/S BRILLOCA LIMITED, an existing Company under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001;
...Applicant Company no. 3/ Second Transferee Company

And
In the matter of:

1. M/S HSIL LIMITED
2. M/S SOMANY HOME INNOVATION LIMITED
3. M/S BRILLOCA LIMITED

.... Applicants

Coram : Shri Jinan K.R., Member(Judicial)

For the Applicant :

Mrs. Manju Bhuteria, Advocate
Ms. Pooja Jewrajka, Advocate

ORDER

CORRIGENDUM TO ORDER DATED 02-08-2018

On 2nd August, 2018 this Tribunal had passed necessary order disposing off the Application being C.A.(CAA) No. 649/KB/ 2018.

On 16th August, 2018, the Ld. Counsel on the side of the Applicants in CA(CAA) No. 649/KB/2018 mentioned that she is unable to trace out the contact number of the Scrutinizer appointed by this Tribunal vide Order dated 02-08-2018 and she needs a change of the name of he Scrutinizer.

Since the Ld. Counsel on the side of the Applicants cannot trace out the Scrutinizer who has already been appointed, the name of the Scrutinizer is to be changed.

Accordingly, the name of Ms. Manish Suraj, PCS, is removed and the name of Ms. Arti Vyas, having contact No. 9748836498, is replaced as Scrutinizer.

This correction is done as per NCLT Rule 154.

Accordingly, the Amended order is passed in place of the Order of this Tribunal dated 02-08-2018.

The Amended order is to be uploaded.

Urgent copy of this order be supplied to the party.

Signed on 16th August, 2018

Sd

(Jinan K.R.)
Member(Judicial)

GOUR_STENO

Santosh K Singh & Co, Chartered Accountants

November 08, 2017

To,

The Board of Directors

HSIL Limited

2, Red Cross Place,

Kolkata- 700001, West Bengal

Dear Sir (s),

Re: Recommendation of Share Entitlement Ratio for the purpose of proposed demerger of the Consumer Products Distribution and Marketing Undertaking (hereinafter referred to as "CPDM Undertaking") and the Retail Undertaking of HSIL Limited to Somany Home Innovation Limited, and Demerger of Building Products Distribution and Marketing Undertaking (hereinafter referred to as "BPDM Undertaking")of HSIL Limited to Brilloca Limited.

We refer to our Engagement Letter dated September 8, 2017confirming our appointment to provide our recommendation on the Share Entitlement Ratio for the proposed demerger of

- CPDM Undertaking and Retail Undertaking (as more particularly defined in the Draft Composite Scheme of Arrangement and hereinafter referred to as **"Demerged Undertaking 1"**) from HSIL Limited (hereinafter referred to as **"HSIL"** or the **"Company" or "Demerged Company"**) to Somany Home Innovation Limited (hereinafter referred to as **"Somany Home"** or **"Resulting Company 1"**), a wholly owned subsidiary of HSIL; and
- BPDM Undertaking (as more particularly defined in the Draft Composite Scheme of Arrangement and hereinafter referred to as **"Demerged Undertaking 2"**) from HSIL Limited to Brilloca Limited (hereinafter referred to as **"Resulting Company 2"**), a wholly owned subsidiary of Resulting Company 1,

pursuant to the Draft Composite Scheme of Arrangementunder the provisions of Sections 230 – 232of the Companies Act 2013 (hereinafter referred to as **"Act"**) read with Section 66 of the Actand other applicable provisions of the Act, as may be applicable(hereinafter referred to as **"Proposed Scheme"**),with effect fromthe Appointed Date, i.e., 1stApril 2018 or such other date as may be fixed or approved by the National Company Law Tribunal (hereinafter referred to as "NCLT").As per the terms of our engagement,we are enclosing our valuation report as under.

(Demerged Company, Resulting Company 1 and Resulting Company 2 being hereinafter individually referred to as Company and collectively referred to as the Companies; and Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking (as defined in the Proposed Scheme) being hereinafter individually referred to as Undertaking and collectively referred to as the Undertakings)

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I. SCOPE AND PURPOSE OF THE REPORT

We understand that as a part of a business restructuring exercise, the Management of HSIL (hereinafter referred to as "Management") is considering

- demerger ofCPDM Undertakingand Retail Undertaking of HSIL into itswholly owned subsidiary, Resulting Company 1, on a going concern basis through the Proposed Scheme;
- demerger of BPDM Undertaking ofHSIL into Resulting Company 2 (a wholly owned subsidiary of Resulting Company 1), on a going concern basis through a Proposed Scheme;
- on the Proposed Scheme becoming effective, cancellation of the existing equity share capital of Resulting Company 1 which is held by HSIL; and
- on the Proposed Scheme becoming effective issuance of equity shares of Resulting Company 1 to the equity shareholders of HSIL, as consideration for the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 into Resulting Company 1 and Resulting Company 2.

Therefore, the Management has requested Santosh K Singh & Co, Chartered Accountants ("SKS") to provide recommendation on the Share Entitlement Ratio for the proposed demerger ofDemerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2,on the coming into effect of the Proposed Scheme, with effect from the Appointed Date.In this connection, SKS has been requested by HSIL to submit a report recommending a Fair Share Entitlement Ratio in the connection with the Proposed Scheme,for the consideration of the Board of Directors of HSIL. This report will be placed before the Audit Committee of HSIL and the Board of Directors of HSIL. Further, it will be subsequently used for onward submission with the stock exchanges, regulatory authorities and NCLT, for the purpose of the Proposed Scheme.

The scope of our services is to conduct relative valuation for recommending a Fair Share Entitlement Ratio for the Proposed Scheme in accordance with generally accepted professional standards.

We have considered projected financial statements and other information relating to the Companies upto March 31, 2018 (hereinafter referred to as "Valuation Date") in our analysis and adjustments for facts made known (past or future) to us till the date of our report. The Management has informed us that they do not expect any events or changes in the business and the financial position of the Companies upto the Appointed Date of the Proposed Demerger, other than the events specifically mentioned in this report, which would have an impact on our recommendation set out in this report.

We have relied on the above while arriving at the Fair Share Entitlement Ratio for the Proposed Scheme.

In the following paragraphs, we have summarized our recommendation on the Share Entitlement Ratio together with the limitations on our scope of work. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

II. SOURCES OF INFORMATION

In connection with this exercise, we have received the following information from the Management:

- Corporate presentation of HSIL related to various businesses carried on by HSIL;

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- Draft of the Proposed Scheme;
- Annual Report of HSIL for the year ended March 31, 2016 and March 31, 2017;
- Unaudited carved out financials of the Demerged Undertaking 1, Demerged Undertaking2 and Remaining Undertaking for the year ended March 31, 2017;
- Projected financials of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL for the year ending March 31, 2018 to March 31, 2025;
- Discussions with the Managementin connection with and information relating to the operations of the respective Companies and their business segments, past and present activities, future plans and prospects, tax positions, contingent liabilities, share capital and shareholding pattern, etc.; and
- Other relevant information and documents for the purpose of this engagement.

We have also obtained explanations and information considered reasonably necessary for our exercise, from the Management. The Management has been provided with the opportunity to review the draft report (excluding the recommended share entitlement ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

III. BACKGROUND INFORMATION

A. HSIL Limited, the Demerged Company, is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal - 700 001,India. HSIL was incorporated on February 8, 1960, under the name 'HindustbanTwyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware& Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware& Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of HSIL. The Corporate Identity Number of HSIL is L51433WB1960PLC024539. The equity shares of HSIL are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). HSIL is engaged inthe business of manufacturing, selling and trading of building products, glass products, consumer products, plastic products and retail business. This inter alia includes, manufacturing, preparing, importing, exporting, buying, selling and otherwise dealing in all kinds of sanitaryware, faucets, other lifestyle products, consumer products, glass and plastic packaging material, plastic plumbing pipes and fittings and security caps and closures. HSIL also provides home interior solutions through its large retail store chain across India, under the brand name 'Evok'.

B. Somany Home Innovation Limited, Resulting Company 1, was incorporated on September 28, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 1 is U74999WB2017PLC222970. The registered office of Resulting Company 1 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 1 is a wholly owned subsidiary of HSIL. Resulting Company 1 is authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen

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products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

C. Brilloca Limited, Resulting Company 2, was incorporated on November 2, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 2 is U74999WB2017PLC223307. The registered office of Resulting Company 2 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 2 is a wholly owned subsidiary of Resulting Company 1. Resulting Company 2 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

D. The salient features of the scheme are as follows:

a. The CPDM Undertakingand Retail Undertaking will be demerged into Resulting Company 1;

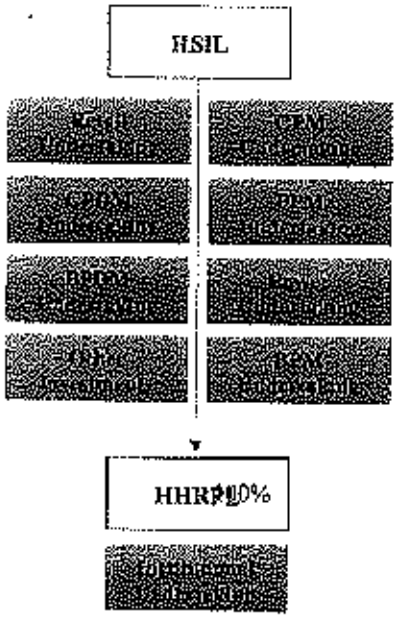
b. The BPDM Undertaking will be demerged into Resulting Company 2;

c. On the Proposed Scheme becoming effective, cancellation of the existing share capital Resulting Company 1, being held by the Demerged Company, as an integral part of Proposed Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of NCLT sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. This would enable all shareholders of HSIL in holding equity shares in Resulting Company 1 in the same ratio as that of HSIL.

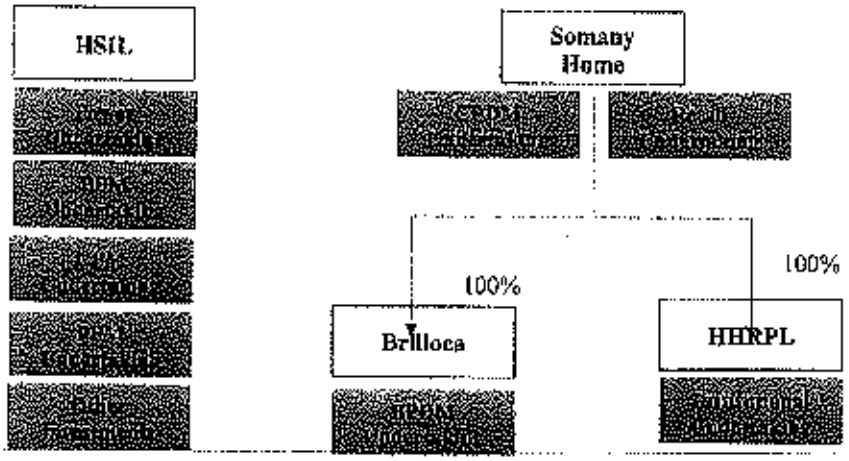
d. On the Proposed Scheme becoming effective, the equity shareholders of HSIL will be issued equity shares of Resulting Company 1,consequent to the demerger of Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2.

e. The demerger as aforesaid will be carried as per the provisions of Section 2(19AA) of the Income Tax Act which provides that all liabilities and assets relating to Demerged Undertakings as above will be transferred to the Resulting Company 1 and Resulting Company 2, respectively.

(i) Existing Structure, as provided by the Management



(ii) Indicative Resultant Structure, as provided by the Management



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IV. RATIONALE FOR PROPOSED SCHEME

HSIL currently has business interests in diverse businesses such as:

(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products, UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined in the Proposed Scheme ("**BPDM Undertaking**");

(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined in the Proposed Scheme ("**CPDM Undertaking**");

(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Proposed Scheme ("**Retail Undertaking**");

(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. ("**Building Products Manufacturing Undertaking**" or "**BPM Undertaking**");

(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**");

(f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures ("**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and

(g) wind power generation ("**Power Undertaking**").

The aforesaid businesses have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Proposed Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

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The Proposed Scheme shall enable the Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

The implementation of this Proposed Scheme will result in:

- creation of separate and distinct entities housing the Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking;
- optimal monetisation and development of each of the respective businesses, including by attracting focused investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;
- dedicated and specialised management focus on the specific needs of the respective businesses; and
- benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of HSIL's assets, achieving cost efficiencies and operational efficiencies.

V. CAPITAL STRUCTURE OF DEMERGED COMPANY,RESULTING COMPANY 1 AND RESULTING COMPANY 2

A. As on October 31, 2017, the capital structure of HSIL is as under:

[illegible]	[illegible]
11,12,50,000 Equity Shares of Rs. 2 each	22,25,00,000
Total	**22,25,00,000**
[illegible] Subscribed and Paid-up Share Capital	[illegible]
7,22,96,395 Equity Shares of Rs. 2 each	14,45,93,000
Add: Forfeited Share Capital	4000
Total	**14,45,97,000**

The Management has represented that there are no outstanding instruments convertible into equity shares issued by HSIL as of the date of issue of this report, which would impact the number of equity shares of HSIL.

B. As on October 31, 2017, the capital structure of Resulting Company 1 is as under:

[illegible]	[illegible]
50,00,000 Equity Shares of Rs. 2 each	1,00,00,000
Total	**1,00,00,000**

[illegible]	[illegible]
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

We have been informed that Resulting Company 1would increase its authorised share capital, to the extent required under the Proposed Scheme, to accommodate the fresh issuance of its equity shares to HSIL upon approval of demerger of Demerged Undertaking 1.

C. As on November 8, 2017, the capital structure of Resulting Company 2 is as under:

[illegible]	[illegible]
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

[illegible]	[illegible]
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

VI. APPROACH - BASIS FOR PROPOSED DEMERGER

The Proposed Scheme contemplates the proposed demerger of the Undertakings pursuant to the Composite Scheme of Arrangement under the relevant provisions of the Act. Arriving at the Fair Share Entitlement Ratio for the Proposed Demerger would require determining the relative values of the concerned businesses and shares of the companies. These values are to be determined independently but on a relative basis, and without considering the effect of the Proposed Demerger.

The Proposed Demerger envisages the demerger of the Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2 respectively, with equity shares of Resulting Company 1, being issued to the shareholders of HSIL for transfer of the Demerged Undertakings. This requires the relative valuation of the relevant Businesses of Demerged Undertaking

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1, Demerged Undertaking 2 and Remaining Undertaking of HSIL for determination of a Fair Share Entitlement Ratio for the Proposed Demerger.

There are several commonly used and accepted methods for determining the Fair Share Entitlement Ratio for the Proposed Demerger, which have been considered in the present case, to the extent relevant and applicable, including:

1. Net Asset Value method
2. Comparable Companies' Multiples method / Earnings Capitalisation Value method
3. Market Price method
4. Discounted Cash Flows method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is therefore mainly used in case where the firm is to be liquidated or in case where the asset base dominates earnings capability. A scheme of demerger would normally be proceeded with, on the assumption that the companies / businesses demerge as going concerns and an actual realization of the operating assets is not contemplated. The operating assets are therefore considered at their book values. In such a going concern scenario, the relative earning power is of importance to the basis of demerger, with the values arrived at on the net asset basis being of limited relevance.

We have been provided with projected balance sheets of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL as at March 31 2018. We have computed the Net

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Asset Value of these businesses accordingly and for the reasons mentioned above, we have considered it appropriate only to keep the values under this method in the background for our analysis.

Comparable Companies' Multiple (CCM) / Earnings Capitalisation Value Method (ECV)

Under the CCM / ECV method, value of the equity shares of a company is arrived at by using multiples / capitalization rates derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples / capitalization rates need to be chosen carefully and adjusted for differences between the circumstances.

We have performed a search for suitable comparable companies for the Undertakings to derive an appropriate capitalization rate / multiple. In case of Demerged Undertaking 1 and Demerged Undertaking 2, there are no listed closely comparable companies which are primarily engaged in the similar businesses though there are listed comparable which have divisions engaged in the similar businesses and their combined earning multiple cannot be applied to the business earning of Demerged Undertaking 1 and Demerged Undertaking 2. In the circumstances, we have considered it appropriate not to apply this method in the present exercise.

Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary / preferential issues / open offer in the shares of the company as envisaged in the overall scheme of arrangement and reported to the stock exchanges / available in the public domain.

In the present case, the shares of HSIL are listed on NSE and BSE and well traded on these stock exchanges, however, the valuation of the Demerged undertaking 1, Demerged Undertaking 2 and Remaining Undertaking cannot be calculated using the same market price and doing the split of the same on certain parameters as the different business segments have their different risk and rewards. We have computed the market value of HSIL and for the reasons mentioned above, we have considered it appropriate only to keep the value under this method in the background for our analysis.

Discounted Cash Flows (DCF) Method

The DCF method uses the future free cash flows of the firm discounted by the cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business. Considering that this method is based on future potential and is widely accepted, we have used this approach in the valuation in the present exercise.

Using the DCF analysis involves determining the following: Estimating future free cash flows:

- Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital — both debt and equity.
- Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value available to the equity shareholders of HSIL, the values arrived above under DCF method are adjusted for, inter-alia, the value of loans, cash, surplus / non-operating assets/liabilities(if any) as deemed appropriate for the purpose of our valuation analysis.

VII. BASIS OF PROPOSED SHARE ENTITLEMENT RATIO

The fair basis for the Proposed Demerger would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending a Share Entitlement Ratio, it is necessary to arrive at a single value for the shares of the concerned undertakings. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the shares of the Undertakings but at their relative values to facilitate the determination of the share entitlement ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

We have carried out a relative valuation of the equity values of the Undertakings and have given weights to the values arrived at under different methodologies, based on their evaluation and judgement of the businesses of the Undertakings, in order to arrive at the relative values of the Undertakings in order to arrive at the Fair Share Entitlement Ratio for the Proposed Demerger.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuers and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a business. This concept is also recognised in judicial decisions.

The Fair Share Entitlement Ratio has been arrived at on the basis of a relative valuation of Undertakings based on the various methodologies explained herein earlier and various qualitative factors relevant to each Undertaking and the business dynamics and growth potentials of the

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businesses of the Undertakings, having regard to information base, key underlying assumptions and limitations.

We have considered the following additional factors while arriving at the Share Entitlement Ratio for the proposed demerger of CPDM Undertaking& Retail Undertaking and BPDM Undertaking of HSIL into Resulting Company 1 and Resulting Company 2 respectively:

A. Capital employed in the business;

B. Equity servicing capacity, and

C. Shareholders' profile and other relevant factors.

We are given to understand by the Management that the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 will be as per requirement of the Section 2(19AA) of the Income tax Act,1961. Accordingly, HSIL will transfer the assets and liabilities of Demerged undertaking 1 and Demerged Undertaking 2 to Resulting Company 1 and Resulting Company 2, respectively,at Book Value (as defined in the Proposed Scheme).Further, we understand thatthe shareholders of HSIL would be entitled to shares of Resulting Company 1 in the same proportion which they currently own shares directly inHSIL.

VIII. RECOMMENDED RATIO

It may be noted that any proposed share entitlement ratio for the Demerger can be considered as fair and reasonable, only if the proposed share entitlement ratio to be adopted does not result in any adverse consequence to the shareholders of HSIL.

Considering that ultimate shareholding of Demerged Undertaking 1 and Demerged Undertaking 2 would not change on account of the Proposed Scheme, the proposed Demerger of Demerged Undertaking 1 into Resulting Company 1 and demerger of Demerged Undertaking 2 into Resulting Company 2 would be value-neutral to ultimate shareholders of HSIL.Once the Scheme is implemented, all the equity shareholders of HSIL would be allotted equity shares of Resulting Company 1 besides their existing equity holding in HSIL. No shareholder is, under the ProposedScheme, required to dispose-off any part of its shareholding either to any of the other shareholders or in the market or otherwise. The proposed demerger does not envisage the dilution of the effective holding of any one or more shareholders as a result of the operation of the ProposedScheme.

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion, the Fair Share Entitlement Ratio for the Proposed Scheme is as follows:

- ***"Fair Share Entitlement Ratio for the Proposed Demerger – 1 (one) Equity Share of Rs. 2 each of Resulting Company 1 to be issued against 1 (one)Equity Share of face value of Rs. 2 each of HSIL"***

IX. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATION, EXCLUSION AND DISCLAIMERS

Valuation analysis and result are specific to the purpose of valuation as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity. The valuation analysis and result are substantively based only on information contained in this report and are governed by concept of materiality.

The opinion(s) rendered in this report only represent the opinion(s) of SKS based upon information furnished by the Management and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion will however not be for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

In the course of the valuation, SKS was provided with both written and verbal information, including market, technical, financial and operating data. We have however, evaluated the information provided to us by the Management through broad inquiry (but have not carried out a due diligence or audit of the Companies/Undertakings) for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Through the above evaluation, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose. We were entitled to rely upon the information provided by the Management without detailed inquiry. Also, we have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and other information given by/on behalf of the Management. The Management has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion analysis/results. Accordingly, we assume no responsibility for any errors in the above information furnished by the Management and their impact on the present exercise. Also, we assume no responsibility for technical information furnished and believed to be reliable.

No enquiry into Companies'/Undertaking's claim to title of assets or property has been made for the purpose of this fairness opinion. With regard to Companies'/'Undertaking's claim to title of assets or property, we have relied solely on representations, whether verbal or otherwise, made by the Management to us for the purpose of this report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed Companies'/Undertaking's claim to such rights, title or interest as valid for the purpose of this report. No information has been given to us about liens or encumbrances against the assets, if any, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.

Our report is neither recommending nor should it be construed as our recommending the proposed demerger or opining or certifying the compliance of the proposed demerger with the provisions of any

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law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed demerger.

The fee for the report is not contingent upon the results reported.

We owe responsibility to only the directors of the Company that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this report, and our report is conditional upon an express indemnity from the Company in our favor holding us harmless from and against any cost, damage, expense and other consequence in connection with the provision of this report. This report is subject to the laws of India. Our liability would be limited to the fee received by us from the present exercise.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than for submission to NCLT, BSE Limited, National Stock Exchange Limited, other regulatory authorities and inspection by shareholders in connection with the proposed demerger, without our prior written consent. In addition, we express no opinion or recommendation as to how the shareholders of Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed demerger.

Yours faithfully,

Santosh K Singh & Co., Chartered Accountants

FRN 019877N

SANTOSH K. SINGH & CO. NEW DELHI Chartered Accountants

CA. Santosh Kumar Singh

Partner

M. No. 502320

Place: New Delhi

Date: Nov 8, 2017

Place:New Delhi

SANTOSH K. SINGH & CO. NEW DELHI Chartered Accountants

Annexure 1 Definition of Demerged Undertaking 1 and Demerged Undertaking 2,basis the Extract of the Proposed Scheme

(a) **"CPDM Undertaking"** means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the consumer products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various consumer products like kitchen appliances, cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers, air purifiers and water purifiers, through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce etc., relating to the sale of such products of the consumer products division. Without prejudice and limitation to the generality of the above, the CPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the CPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the CPDM Undertaking (including, but not limited to, the registered trademarks identified in **Schedule II** of the Proposed Scheme),

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the CPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the CPDM Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the CPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the CPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the CPDM Undertaking.

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the CPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the CPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the CPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the CPDM Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "CPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the CPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the CPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(b) "**Retail Undertaking**" means and includes all the activities, business, operations and undertakings of and relating to retail business undertaking of the Demerged Company, including storing, transporting, selling, distributing and trading in furniture and home décor and other products, *inter alia*, under the 'EVOK' trademark, through its chain of retail outlets and also includes the franchise business of the Demerged Company. Without prejudice and limitation to the generality of the above, the Retail Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the Retail Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in **Schedule III** of the Proposed Scheme),

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(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the Retail Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the Retail Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the Retail Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the Retail Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Retail Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Retail Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the Retail Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the Retail Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the Retail Undertaking,

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The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "Retail Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the Retail Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the Retail Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(c) "**BPDM Undertaking**" means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I of the Proposed Scheme),

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking,

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(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the BPDM Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the BPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "BPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the BPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the BPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company;

Santosh K. Singh & Co.
S K Singh
CA Santosh K Singh Partner
M.No. 502320
FRN 019877N

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Chartered Accountants

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E-mail : admin@santoshksingh.com
URL : www.santoshksingh.com

December 11, 2017

To,

The Board of Directors

HSIL Limited

2, Red Cross Place,

Kolkata-700001, West Bengal

Dear Sir (s),

Re: Recommendation of Share Entitlement Ratio for the purpose of demerger of the Consumer Products Distribution and Marketing Undertaking (hereinafter referred to as "CPDM Undertaking") and the Retail Undertaking of HSIL Limited to Somany Home Innovation Limited, and Demerger of Building Products Distribution and Marketing Undertaking (hereinafter referred to as "BPDM Undertaking")of HSIL Limited to Brillora Limited.

We refer to our Engagement Letter dated September 8, 2017confirming our appointment to provide our recommendation on the Share Entitlement Ratio for the proposed demerger of

- CPDM Undertaking and Retail Undertaking (as more particularly defined in the Composite Scheme of Arrangement and hereinafter referred to as **"Demerged Undertaking 1"**) from HSIL Limited (hereinafter referred to as **"HSIL"** or the **"Company" or "Demerged Company"**) to Somany Home Innovation Limited (hereinafter referred to as **"Somany Home"** or **"Resulting Company 1"**), a wholly owned subsidiary of HSIL; and
- BPDM Undertaking (as more particularly defined in the Composite Scheme of Arrangement and hereinafter referred to as **"Demerged Undertaking 2"**) from HSIL Limited to Brillora Limited (hereinafter referred to as **"Resulting Company 2"**), a wholly owned subsidiary of Resulting Company 1,

pursuant to the Composite Scheme of Arrangement under the provisions of Sections 230 – 232of the Companies Act 2013 (hereinafter referred to as **"Act"**) read with Section 66 of the Act and other applicable provisions of the Act, as may be applicable(hereinafter referred to as " **Scheme**"),with effect from the Appointed Date, i.e., 1st April 2018 or such other date as may be fixed or approved by the National Company Law Tribunal (hereinafter referred to as **"NCLT"**).As per the terms of our engagement, we are enclosing our valuation report as under.

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*(Demerged Company, Resulting Company 1 and Resulting Company 2, being hereinafter individually referred to as **Company** and collectively referred to as the **Companies**; and Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking (as defined in the Scheme) being hereinafter individually referred to as **Undertaking** and collectively referred to as the **Undertakings**)*

It is further submitted that Paragraph 4(a) of Part I of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("**SEBI Circular**") requires all listed companies to submit a valuation report from an independent chartered accountant. However, as per Paragraph 4(b) of Part I of Annexure I of the SEBI Circular, valuation report is not required to be submitted in cases where there is no change in the shareholding pattern of the listed entity or resultant companies.

The SEBI Circular further clarifies that a 'change in the shareholding pattern' shall mean:

(i) change in the proportion of shareholding of any of the existing shareholders of the listed entity in the resultant company; or

(ii) new shareholder being allotted equity shares of the resultant company; or

(iii) existing shareholder exiting the company pursuant to the Scheme of Arrangement.

further, the SEBI Circular contains the following example, illustrating 'no change in shareholding pattern':

In case a listed entity (say, "entity A") demerges a unit and makes it a separate company (say, "entity B"):

(a) if the shareholding of entity B is comprised only of the shareholders of entity A; and

(b) if the shareholding pattern of entity B is the same as in entity A; and

(c) every shareholder in entity B holds equity shares in the same proportion as held in entity A before the demerger.

I. SCOPE AND PURPOSE OF THE REPORT

We understand that as a part of a business restructuring exercise, the Management of HSIL (hereinafter referred to as "**Management**") is considering

- demerger of CPDM Undertaking and Retail Undertaking of HSIL into its wholly owned subsidiary, Resulting Company 1, on a going concern basis through the Scheme;
- demerger of BPDM Undertaking of HSIL into Resulting Company 2 (a wholly owned subsidiary of Resulting Company 1), on a going concern basis through a Scheme;
- on the Scheme becoming effective, cancellation of the existing equity share capital of Resulting Company 1 which is held by HSIL; and

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- on the Scheme becoming effective issuance of equity shares of Resulting Company 1 to the equity shareholders of HSIL as consideration for the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 into Resulting Company 1 and Resulting Company 2.

Therefore, the Management has requested Santosh K Singh & Co. Chartered Accountants ("SKS") to provide recommendation on the Share Entitlement Ratio for the proposed demerger of Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2,on the coming into effect of the Scheme, with effect from the Appointed Date. In this connection, SKS has been requested by HSIL to submit a report recommending a Fair Share Entitlement Ratio in the connection with the Scheme, for the consideration of the Board of Directors of HSIL. This report will be placed before the Audit Committee of HSIL and the Board of Directors of HSIL. Further, it will be subsequently used for onward submission with the stock exchanges, regulatory authorities and NCLT, for the purpose of the Scheme.

The scope of our services is to conduct relative valuation for recommending a Fair Share Entitlement Ratio for the Scheme in accordance with generally accepted professional standards.

We have considered projected financial statements and other information relating to the Companies upto March 31, 2018 (hereinafter referred to as **"Valuation Date"**) in our analysis and adjustments for facts made known (past or future) to us till the date of our report. The Management has informed us that they do not expect any events or changes in the business and the financial position of the Companies upto the Appointed Date of the Proposed Demerger, other than the events specifically mentioned in this report, which would have an impact on our recommendation set out in this report.

We have relied on the above while arriving at the Fair Share Entitlement Ratio for the Scheme.

In the following paragraphs, we have summarized our recommendation on the Share Entitlement Ratio, together with the limitations on our scope of work. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

II. SOURCES OF INFORMATION

In connection with this exercise, we have received the following information from the Management:

- Corporate presentation of HSIL related to various businesses carried on by HSIL;
- The Scheme;
- Annual Report of HSIL for the year ended March 31, 2016 and March 31, 2017;
- Unaudited carved out financials of the Demerged Undertaking 1, Demerged Undertaking2 and Remaining Undertaking for the year ended March 31, 2017;
- Projected financials of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL for the year ending March 31, 2018 to March 31, 2023;
- Discussions with the Management in connection with and information relating to the operations of the respective Companies and their business segments, past and present activities, future plans and prospects, tax positions, contingent liabilities, share capital and shareholding pattern, etc.; and
- Other relevant information and documents for the purpose of this engagement.

We have also obtained explanations and information considered reasonably necessary for our exercise, from the Management. The Management has been provided with the opportunity to review the draft report (excluding the recommended share entitlement ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

III. BACKGROUND INFORMATION

A. HSIL Limited, the Demerged Company, is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal - 700 001,India. HSIL was incorporated on February 8, 1960, under the name 'Hindusthan Twyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of HSIL. The Corporate Identity Number of HSIL is L51433WB1960PLC024539. The equity shares of HSIL are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). HSIL is engaged in the business of manufacturing, selling and trading of building products, glass products, consumer products, plastic products and retail business. This inter alia includes, manufacturing, preparing, importing, exporting, buying, selling and otherwise dealing in all kinds of sanitaryware, faucets, other lifestyle products, consumer products, glass and plastic packaging material, plastic plumbing pipes and fittings and security caps and closures. HSIL also provides home interior solutions through its large retail store chain across India, under the brand name 'Evok'.

B. Solumy Home Innovation Limited, Resulting Company 1, was incorporated on September 28, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 1 is U74999WB2017PLC222970. The registered office of Resulting Company 1 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 1 is a wholly owned subsidiary of HSIL. Resulting Company 1 is authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland aluminia blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

C. Brilloca Limited, Resulting Company 2, was incorporated on November 2, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 2 is U74999WB2017PLC223307. The registered office of Resulting Company 2 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting

Company 2 is a wholly owned subsidiary of Resulting Company 1. Resulting Company 2 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, flume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

D. The salient features of the scheme are as follows:

a. The CPDM Undertaking and Retail Undertaking will be demerged into Resulting Company 1;

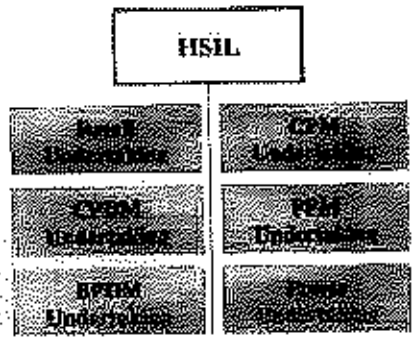
b. The BPDM Undertaking will be demerged into Resulting Company 2;

c. On the Scheme becoming effective, cancellation of the existing share capital Resulting Company 1, being held by the Demerged Company, as an integral part of Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of NCLT sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. This would enable all shareholders of HSIL in holding equity shares in Resulting Company 1 in the same ratio as that of HSIL.

ii. On the Scheme becoming effective, the equity shareholders of HSIL will be issued equity shares of Resulting Company 1, consequent to the demerger of Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2.

c. The demerger as aforesaid will be carried as per the provisions of Section 2(19AA) of the Income Tax Act which provides that all liabilities and assets relating to Demerged Undertakings as above will be transferred to the Resulting Company 1 and Resulting Company 2, respectively.

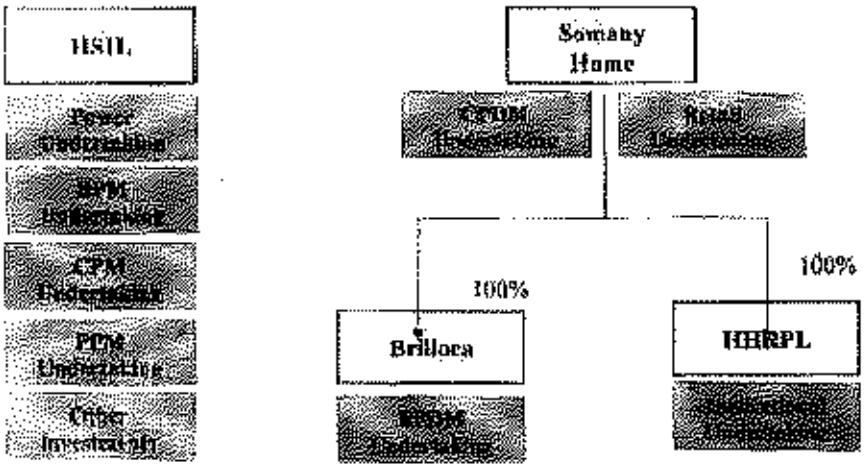
(i) Existing Structure, as provided by the Management



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(ii) Indicative Resultant Structure, as provided by the Management



IV. RATIONALE FOR SCHEME

HSIL currently has business interests in diverse businesses such as:

(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products; UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined in the Scheme ("**BPDM Undertaking**");

(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air-coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined in the Scheme ("**CPDM Undertaking**");

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(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Scheme ("**Retail Undertaking**");

(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. ("**Building Products Manufacturing Undertaking**" or "**BPM Undertaking**");

(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**");

(f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures ("**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and

(g) wind power generation ("**Power Undertaking**").

The aforesaid businesses have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

The Scheme shall enable the Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

The implementation of this Scheme will result in:

- creation of separate and distinct entities housing the Demerged Undertaking 1, Demerged Undertaking 2 and the Remaining Undertaking;
- optimal monetisation and development of each of the respective businesses, including by attracting focused investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;
- dedicated and specialised management focus on the specific needs of the respective businesses; and
- benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of HSIL's assets, achieving cost efficiencies and operational efficiencies.

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V. CAPITAL STRUCTURE OF DEMERGED COMPANY,RESULTING COMPANY 1 AND RESULTING COMPANY 2

A. As on October 31, 2017, the capital structure of HSIL is as under:

A. Authorised Share Capital	Amount (in Rs.)
11,12,50,000 Equity Shares of Rs. 2 each	22,25,00,000
Total	**22,25,00,000**

B. Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.)
7,22,96,395 Equity Shares of Rs. 2 each	14,45,93,000
Add: Forfeited Share Capital	4000
Total	**14,45,97,000**

The Management has represented that there are no outstanding instruments convertible into equity shares issued by HSIL as of the date of issue of this report, which would impact the number of equity shares of HSIL.

B. As on October 31, 2017, the capital structure of Resulting Company 1 is as under:

Authorised Share Capital	Amount (in Rs.)
50,00,000 Equity Shares of Rs. 2 each	1,00,00,000
Total	**1,00,00,000**

Issued, Subscribed and Paid-up Share Capital	Amount (in Rs.)
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

We have been informed that Resulting Company 1 would increase its authorised share capital, to the extent required under the Scheme, to accommodate the fresh issuance of its equity shares to HSIL upon approval of demerger of Demerged Undertaking 1.



C. As on November 8, 2017, the capital structure of Resulting Company 2 is as under:

Authorised Share Capital	Amount (Rs.)
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	10,00,000
Issued, Subscribed and Paid-up Share Capital	**Amount (Rs.)**
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	10,00,000

VI. APPROACH - BASIS FOR PROPOSED DEMERGER

The Scheme contemplates the proposed demerger of the Undertakings pursuant to the Composite Scheme of Arrangement under the relevant provisions of the Act. Arriving at the Fair Share Entitlement Ratio for the Proposed Demerger would require determining the relative values of the concerned businesses and shares of the companies. These values are to be determined independently but on a relative basis, and without considering the effect of the Proposed Demerger.

The Proposed Demerger envisages the demerger of the Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2 respectively, with equity shares of Resulting Company 1, being issued to the shareholders of HSIL for transfer of the Demerged Undertakings. This requires the relative valuation of the relevant Businesses of Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL for determination of a Fair Share Entitlement Ratio for the Proposed Demerger.

There are several commonly used and accepted methods for determining the Fair Share Entitlement Ratio for the Proposed Demerger, which have been considered in the present case, to the extent relevant and applicable, including:

1. Net Asset Value method
2. Comparable Companies' Multiples method / Earnings Capitalisation Value method
3. Market Price method
4. Discounted Cash Flows method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgement, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is therefore mainly used in case where the firm is to be liquidated or in case where the asset base dominates earnings capability. A scheme of demerger would normally be proceeded with, on the assumption that the companies / businesses demerge as going concerns and an actual realization of the operating assets is not contemplated. The operating assets are therefore considered at their book values. In such a going concern scenario, the relative earning power is of importance to the basis of demerger, with the values arrived at on the net asset basis being of limited relevance.

We have been provided with projected balance sheets of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking of HSIL as at March 31 2018. We have computed the Net Asset Value of these businesses accordingly and for the reasons mentioned above, we have considered it appropriate only to keep the values under this method in the background for our analysis.

Comparable Companies' Multiple (CCM) / Earnings Capitalisation Value Method (ECV)

Under the CCM / ECV method, value of the equity shares of a company is arrived at by using multiples / capitalization rates derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples / capitalization rates need to be chosen carefully and adjusted for differences between the circumstances.

We have performed a search for suitable comparable companies for the Undertakings to derive an appropriate capitalization rate / multiple. In case of Demerged Undertaking 1 and Demerged Undertaking 2, there are no listed closely comparable companies which are primarily engaged in the similar businesses though there are listed comparable which have divisions engaged in the similar businesses and their combined earning multiple cannot be applied to the business earning of Demerged Undertaking 1 and Demerged Undertaking 2. In the circumstances, we have considered it appropriate not to apply this method in the present exercise.

Market Price Method



The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary / preferential issues / open offer in the shares of the company as envisaged in the overall scheme of arrangement and reported to the stock exchanges / available in the public domain.

In the present case, the shares of HSIL are listed on NSE and BSE and well traded on these stock exchanges, however, the valuation of the Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking cannot be calculated using the same market price and doing the split of the same on certain parameters as the different business segments have their different risk and rewards. We have computed the market value of HSIL and for the reasons mentioned above, we have considered it appropriate only to keep the value under this method in the background for our analysis.

Discounted Cash Flows (DCF) Method

The DCF method uses the future free cash flows of the firm discounted by the cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business. Considering that this method is based on future potential and is widely accepted, we have used this approach in the valuation in the present exercise.

Using the DCF analysis involves determining the following: Estimating future free cash flows:

- Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital — both debt and equity.
- Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value available to the equity shareholders of HSIL, the values arrived above under DCF method are adjusted for, inter-alia, the value of loans, cash, surplus / non-operating assets/liabilities(if any) as deemed appropriate for the purpose of our valuation analysis.

VII. BASIS OF PROPOSED SHARE ENTITLEMENT RATIO

The fair basis for the Proposed Demerger would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at-



under each of the above methodologies, for the purposes of recommending a Share Entitlement Ratio, it is necessary to arrive at a single value for the shares of the concerned undertakings. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the shares of the Undertakings but at their relative values to facilitate the determination of the share entitlement ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

We have carried out a relative valuation of the equity values of the Undertakings and have given weights to the values arrived at under different methodologies, based on their evaluation and judgement of the businesses of the Undertakings, in order to arrive at the relative values of the Undertakings in order to arrive at the Fair Share Entitlement Ratio for the Proposed Demerger.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuers and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a business. This concept is also recognised in judicial decisions.

The Fair Share Entitlement Ratio has been arrived at on the basis of a relative valuation of Undertakings based on the various methodologies explained herein earlier and various qualitative factors relevant to each Undertaking and the business dynamics and growth potentials of the businesses of the Undertakings, having regard to information base, key underlying assumptions and limitations.

We have considered the following additional factors while arriving at the Share Entitlement Ratio for the proposed demerger of CPDM Undertaking& Retail Undertaking and BPDM Undertaking of HSIL into Resulting Company 1 and Resulting Company 2 respectively:

A. Capital employed in the business;

B. Equity servicing capacity, and

C. Shareholders' profile and other relevant factors.

We are given to understand by the Management that the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 will be as per requirement of the Section 2(19AA) of the Income tax Act,1961. Accordingly, HSIL will transfer the assets and liabilities of Demerged undertaking 1 and Demerged Undertaking 2 to Resulting Company 1 and Resulting Company 2, respectively, at Book Value (as defined in the Scheme).Further, we understand that the shareholders of HSIL would be entitled to shares of Resulting Company 1 in the same proportion which they currently own shares directly in HSIL.

VIII. RECOMMENDED RATIO

It may be noted that any proposed share entitlement ratio for the Demerger can be considered as fair and reasonable, only if the proposed share entitlement ratio to be adopted does not result in any adverse consequence to the shareholders of HSIL.

Considering that ultimate shareholding of Demerged Undertaking 1 and Demerged Undertaking 2 would not change on account of the Scheme, the proposed Demerger of Demerged Undertaking 1 into Resulting Company 1 and demerger of Demerged Undertaking 2 into Resulting Company 2 would be value-neutral to ultimate shareholders of HSIL. Once the Scheme is implemented, all the equity shareholders of HSIL would be allotted equity shares of Resulting Company 1 besides their existing equity holding in HSIL. No shareholder is, under the Scheme, required to dispose-off any part of its shareholding either to any of the other shareholders or in the market or otherwise. The proposed demerger does not envisage the dilution of the effective holding of any one or more shareholders as a result of the operation of the Scheme.

The Computation of Share Entitlement ratio has been given as under:

Equity Values						
Discounted Cash Flow Method	100%	1,76,258	100%	54,182	100%	1,21,157
Net Assets Value Method	0%	1,23,671	0%	8,768	0%	20,809
Weighted average Equity Value		1,76,258		54,182		1,73,667
Less holding company discount					30%	52,157
Comparative Value (A) x (B=C)		1,76,258		54,182		1,21,510
Comparative Ratio		1,76,258		1,76,258		
Share Entitlement ratio		1.00		1		
Share Entitlement ratio (rounded off)		1:1		1		

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion, the Fair Share Entitlement Ratio for the Scheme is as follows:

> ***"Fair Share Entitlement Ratio for the Proposed Demerger – 1 (one) Equity Share of Rs. 2 each of Resulting Company 1 to be issued against 1 (one) Equity Share of face value of Rs. 2 each of HSIL."***

On the coming into effect of the scheme,

(a) the shareholding of Somany Home Innovation Limited will be a mirror image of the shareholding of HSIL Limited, as on the record date. In the instant case, the shareholding of the shareholders of the parent listed company (being HSIL Limited) shall not be affected and additionally, same number of equity shares shall be allotted to them in Somany Home Innovation Limited. So there will be no change in the shareholding pattern; and

(b) there will be no change in the shareholding of Brilloca Limited, which will continue to remain a wholly owned subsidiarity of Somany Home Innovation Limited.

Accordingly, considering that the ultimate shareholding of the shareholders in HSIL shall be replicated in the Somany Home Innovation Limited, the Scheme would be value neutral to the ultimate shareholders of HSIL Limited.



IX. SCOPE, LIMITATIONS, ASSUMPTIONS, QUALIFICATION, EXCLUSION AND DISCLAIMERS

Valuation analysis and result are specific to the purpose of valuation as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity. The valuation analysis and result are substantively based only on information contained in this report and are governed by concept of materiality.

The opinion(s) rendered in this report only represent the opinion(s) of SKS based upon information furnished by the Management and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion will however not be for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

In the course of the valuation, SKS was provided with both written and verbal information, including market, technical, financial and operating data. We have however, evaluated the information provided to us by the Management through broad inquiry (but have not carried out a due diligence or audit of the Companies/Undertakings) for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Through the above evaluation, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose. We were entitled to rely upon the information provided by the Management without detailed inquiry. Also, we have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and other information given by/on behalf of the Management. The Management has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion analysis/results. Accordingly, we assume no responsibility for any errors in the above information furnished by the Management and their impact on the present exercise. Also, we assume no responsibility for technical information furnished and believed to be reliable.

No enquiry into Companies'/Undertaking's claim to title of assets or property has been made for the purpose of this fairness opinion. With regard to Companies'/Undertaking's claim to title of assets or property, we have relied solely on representations, whether verbal or otherwise, made by the Management to us for the purpose of this report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed Companies'/Undertaking's claim to such rights, title or interest as valid for the purpose of this report. No information has been given to us about liens or encumbrances against the assets, if any, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.

Our report is neither recommending nor should it be construed as our recommending the proposed demerger or opining or certifying the compliance of the proposed demerger with the provisions of any



law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed demerger.

The fee for the report is not contingent upon the results reported.

We owe responsibility to only the directors of the Company that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this report, and our report is conditional upon an express indemnity from the Company in our favor holding us harmless from and against any cost, damage, expense and other consequence in connection with the provision of this report. This report is subject to the laws of India. Our liability would be limited to the fee received by us from the present exercise.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than for submission to NCLT, BSE Limited, National Stock Exchange Limited, other regulatory authorities and inspection by shareholders in connection with the proposed demerger, without our prior written consent. In addition, we express no opinion or recommendation as to how the shareholders of Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed demerger.

Yours faithfully,

Santosh K Singh & Co., Chartered Accountants

FRN 019877N

CA. Santosh Kumar Singh

Partner

M. No. 502320

Place: New Delhi

Date: Dec 11, 2017

Annexure 1 Definition of Demerged Undertaking 1 and Demerged Undertaking 2 from the Extract of the Scheme

(a) "**CPDM Undertaking**" means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the consumer products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various consumer products like kitchen appliances, cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers, air purifiers and water purifiers, through its chain of distributors, dealers, sub-dealers, display centres, modern trade channels, e-commerce etc., relating to the sale of such products of the consumer products division. Without prejudice and limitation to the generality of the above, the CPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the CPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the CPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule II of the Scheme);

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no objection certificates and exemptions pertaining to the CPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the CPDM Undertaking;

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the CPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the CPDM Undertaking;

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the CPDM Undertaking;

(vi) employees of the Demerged Company that are determined by the Board of

Directors of the Demerged Company, to be substantially engaged in or in relation to the CPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees;

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the CPDM Undertaking;

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the CPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the CPDM Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "CPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the CPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the CPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company);

(b) "**Retail Undertaking**" means and includes all the activities, business, operations and undertakings of and relating to retail business undertaking of the Demerged Company, including storing, transporting, selling, distributing and trading in furniture and home décor and other products, *inter alia*, under the 'EVOK' trademark, through its chain of retail outlets and also includes the franchise business of the Demerged Company. Without prejudice and limitation to the generality of the above, the Retail Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the Retail Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the Retail Undertaking (including, but not limited to, the registered trademarks and copyrights identified in **Schedule III** of the Scheme);

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities,

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allotments, quotas, no-objection certificates and exemptions pertaining to the Retail Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto.

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the Retail Undertaking,

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the Retail Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the Retail Undertaking,

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Retail Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Retail Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the Retail Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the Retail Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the Retail Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "Retail Undertaking" and

the determination of the Assets or Liabilities pertaining to or relatable to the Retail Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the Retail Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company).

(c) **"BPDM Undertaking"** means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:

(i) all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I of the Scheme);

(ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto;

(iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking;

(iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including, but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank

balances, in connection with or relating to the BPDM Undertaking.

(v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,

(vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

(vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,

(viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the BPDM Undertaking, and

(ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking.

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of "BPDM Undertaking" and the determination of the Assets or Liabilities pertaining to or relatable to the BPDM Undertaking, as of the Appointed Date, shall be made in accordance with such determination of the Board of Directors of the Demerged Company. Any issue as to whether any Asset or Liability pertains to or is relatable to the BPDM Undertaking or not shall be solely decided by the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books or records of the Demerged Company).



To,

Date- November 9, 2017

The Board of Directors,

HSIL Limited

2, Red Cross Place, Kolkata,

West Bengal - 700 001, India

Sub: Opinion on the share entitlement ratio on the proposed composite scheme of arrangement for demerger of Consumer Products Distribution & Marketing Undertaking and the Retail Undertaking from HSIL Limited to Somany Home Innovation Limited, and demerger of Building Products Distribution & Marketing Undertaking from HSIL Limited to Brilloca Limited.

Dear Members of the Board:

We understand that Board of Directors of HSIL Limited (here in after referred as "Demerged Company" or "HSIL") is considering a composite scheme of arrangement for demerger of Consumer Products Distribution and Marketing Undertaking (hereinafter referred as "CPDM Undertaking") and the Retail Undertaking from the Demerged Company to Somany Home Innovation Limited, a wholly owned subsidiary of the Demerged Company, and demerger of Building Products Distribution and Marketing Undertaking (hereinafter referred as "BPDM Undertaking") from the Demerged Company to Brilloca Limited, a wholly owned subsidiary of Somany Home Innovation Limited, with effect from the Appointed Date, i.e., 1st April 2018 or such other date as may be fixed or approved by the National Company Law Tribunal (hereinafter referred to as "NCLT"), through a composite scheme of arrangement under sections 230 – 232 of the Companies Act, 2013 (hereinafter referred to as "Act"), read with section 66 of the Act and other applicable provisions of the Act (hereinafter referred to as "Proposed Scheme").

The Proposed Scheme provides for -

a. Demerger of CPDM Undertaking and Retail Undertaking (as more particularly defined in the Proposed Scheme and hereinafter referred as "**Demerged Undertaking 1**") of the Demerged Company into its wholly owned subsidiary, Somany Home Innovation Limited ("**Resulting Company 1**"), on a going concern basis;

b. Demerger of BPDM Undertaking (as more particularly defined in the Proposed Scheme and hereinafter referred as "**Demerged Undertaking 2**") of the Demerged Company into Brilloca Limited ("**Resulting Company 2**"), a wholly owned subsidiary of the Resulting Company 1, on a going concern basis;

c. On the coming into effect of the Proposed Scheme, cancellation of the existing share capital of Resulting Company 1, which is held by the Demerged Company;

d. On the coming into effect of the Proposed Scheme, simultaneous with the cancellation of the share capital of Resulting Company 1 held by the Demerged Company, issuance of equity shares by the Resulting Company 1 to the shareholders of the Demerged Company, as per the terms and conditions more fully set forth in the Proposed Scheme, which shall be listed at BSE Limited and National Stock Exchange of India Limited (NSE) (the "**Stock Exchanges**"), where the shares of the Demerged Company are presently listed. Accordingly, post the

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Website : www.finshoregroup.com

coming into effect of the Proposed Scheme, there would be mirror-image, proportionate shareholding of Demerged Company and Resulting Company 1, i.e., economic interest of each of the shareholders of the Demerged Company shall remain intact and in the same ratio; and

e. Post the coming into effect of the Proposed Scheme, Resulting Company 2 will continue to remain wholly owned subsidiary of Resulting Company 1.

The share entitlement ratio for the Proposed Scheme has been determined by M/s Santosh K Singh & Co., Chartered Accountants, *vide* their valuation report dated (November 08, 2017).

In terms of Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**") read with SEBI Circular No. CFD/ DIL3/CIR/ 2017/21 dated March 10, 2017, the listed companies undertaking a scheme of arrangement are required to submit to the stock exchanges, copy of fairness opinion obtained from the Merchant Banker on the valuation of shares / assets of the companies done by the Independent valuer.

With reference to above, we, Finshore Management Services Limited, a SEBI Registered (Cat-I) Merchant Banker have been appointed by the Demerged Company to provide our fairness opinion on the same.

Brief background of the Companies involved in the Proposed Scheme, our opinion and basis for forming an opinion and caveats are as hereunder -

1. <u>Background of companies:</u>

1.1. HSIL Limited

HSIL Limited, the Demerged Company, is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. HSIL was incorporated on February 8, 1960, under the name 'Hindusthan Twyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of HSIL. The Corporate Identity Number of HSIL is L51433WB1960PLC024939. The equity shares of HSIL are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

HSIL is a multi-business corporate, which is primarily engaged in the following business activities:

(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other lifestyle products, UPVC and CPVC pipes, fittings, tiles, etc., more particularly defined in the Proposed Scheme (hereinafter referred to as "**Building Products Distribution and Marketing Undertaking**" or "**BPDM Undertaking**");

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(b) branding, marketing, sales, distribution, trading, service, etc. of various consumer products like air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers etc., more particularly defined in the Proposed Scheme (hereinafter referred to as "**Consumer Products Distribution and Marketing Undertaking**" or "**CPDM Undertaking**");

(c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Proposed Scheme (hereinafter referred to as "**Retail Undertaking**");

(The BPDM Undertaking, CPDM Undertaking and Retail Undertaking shall hereinafter be collectively referred to as the "**Demerged Undertakings**".)

(d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. (hereinafter referred to as "**Building Products Manufacturing Undertaking**" or "**BPM Undertaking**");

(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**");

(f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures (hereinafter referred to as "**Packaging Products Manufacturing Undertaking**" or "**PPM Undertaking**"); and

(g) wind power generation (hereinafter referred to as "**Power Undertaking**").

The BPM Undertaking, CPM Undertaking, PPM Undertaking and Power Undertaking shall collectively be referred to as the "**Remaining Undertaking**".

1.2. **Somany Home Innovation Limited**

Somany Home Innovation Limited, Resulting Company 1, was incorporated on September 28, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 1 is U74900WB2017PLC222970. The registered office of Resulting Company 1 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 1 is a wholly owned subsidiary of HSIL.

Resulting Company 1 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.)

and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

1.3. **Brillroa Limited**

Brillroa Limited, Resulting Company 2, was incorporated on November 2, 2017 under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Resulting Company 2 is U74999WB2017PLC223307. The registered office of Resulting Company 2 is situated at 2, Red cross Place, Kolkata, West Bengal-700 001. Resulting Company 2 is wholly owned subsidiary of Resulting Company 1.

Resulting Company 2 is authorised, by its memorandum of association, to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthenware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

2. **Basis of our opinion**

2.1. **Rationale of the Proposed Scheme (as per extract of draft Proposed Scheme of arrangement)**

2.1.1. The aforesaid businesses (as mentioned in clause 1.1 above) have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertakings (as more fully set forth in the Proposed Scheme) and the Remaining Undertaking (as more fully set forth in the Proposed Scheme) have distinct capital requirements, nature of risk, competition, human skill-set requirements, etc. The segregation of businesses as envisaged in the Proposed Scheme will enable sharper focus and better alignment of the businesses to its customers. It shall also enable the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace.

2.1.2. The Proposed Scheme shall enable each of the respective Demerged Undertakings and the Remaining Undertaking to attract interest of such investors and strategic partners having the necessary ability, experience and interests and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

2.1.3. The implementation of this Proposed Scheme will result in:

a. creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertaking;

b. optimal monetisation and development of each of the respective businesses, including by attracting focussed investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;

c. dedicated and specialised management focus on the specific needs of the respective businesses; and

d. benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of the assets, achieving cost efficiencies and operational efficiencies.

2.1.4. The Scheme is in the interest of all the Companies involved in the Proposed Scheme, including their respective stakeholders and creditors.

2.2. **Sources of Information**

i) Draft Proposed Scheme.

ii) Valuation report dated November 8, 2017, issued by Santosh K Singh & Co., Chartered Accountants.

iii) Audited Balance Sheet and Statement of Profit & Loss along with the relevant notes of Demerged Company for the financial year ended March 31, 2017.

2.3. **Valuer's Analysis**

The Clause VIII of Share entitlement ratio report provides the ratio for the allotment of shares by resulting Company 1, for the demerger of, (a) Demerged Undertaking 1 into Resulting Company 1, and (b) Demerged Undertaking 1 into Resulting Company 2, which is as follows:-

"for every 1 (one) equity share of face value of INR 2/- (Rupees two only) each held in HSIL Limited as on the Appointed Date, the equity shareholders of HSIL Limited shall be issued 1 (one) equity share of face value Rs. 2/- (Rupees two only) each in Resulting Company 1, credited as fully paid-up."

3. <u>Conclusion and Our Opinion</u>

3.1. With reference to above and based on information provided by Management and after discussions with the Valuers, we understand that the Proposed Scheme has been structured to enable Demerged Undertakings to capitalize on growth opportunities and unlock the potential value of businesses of distinct nature of the Demerged Company. Pursuant to the Proposed Scheme, the shareholders of HSIL shall be issued shares by the Resulting Company 1, which shall also be listed on the same Stock Exchanges on which the shares of the Demerged Company are listed.

3.2. We further understand that the shares issued by the Resulting Company 1 shall be for demerger of Demerged Undertaking 1 and Demerged Undertaking 2. Considering that the Resulting Company 2, a company carrying on the business of BPDM Undertaking, continues as a wholly owned company of Resulting Company 1, it shall be held indirectly by the shareholders of HSIL Limited.

3.3. We also understand that, the proposed cancellation and reduction of share capital of the Resulting Company 1, to the extent held by the Demerged Company, will result in creation of mirror image proportionate shareholding of the Resulting Company 1, as that of the Demerged Company (i.e. economic interest of both companies shall remain intact in the hands of the shareholders of the

Demerged Company and in the same ratio). Thus, the interest of shareholders remains unaffected post the coming into effect of the Proposed Scheme.

"Considering above and subject to our caveats as provided in Annexure 1, we as a Merchant Banker hereby certify that we have reviewed the share entitlement ratio report for the Proposed Scheme of arrangement for demerger of CPDM Undertaking and Retail Undertaking of HSIL Limited to Resulting Company 1 and demerger of BPDM Undertaking of HSIL Limited to Resulting Company 2 and are of the opinion that share entitlement ratio of

a. *1 (one) equity shares of face value INR 2 (Rupees Two) each at par in Resulting Company 1 for every 1 (one) equity shares of face value of INR 2 (Rupees Two) held in the Demerged Company,*

b. *In consideration of transfer and vesting of CPDM and Retail Undertaking in Resulting Company 1 and BPDM undertaking in Resulting Company 2,*

as fair and reasonable to the equity shareholders of HSIL Limited."

Thanking You,

For Finshore Management Services Limited

FINSHORE MANAGEMENT SERVICES LIMITED Kolkata

Director

SEBI Registered Category I Merchant Banker
SEBI Registration No.: INM 000010185

Annexure

Caveats

1. Our opinion and analysis is limited to the extent of review of documents as provided to us by the Management of HSIL Limited, including the share entitlement ratio report prepared by Santosh K Singh & Co., Chartered Accountants and draft Proposed Scheme. We have relied on accuracy and completeness of all the information and explanations provided by the Management. We have not carried out any due diligence or independent verification or validation to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of demerged company/ resulting companies or their subsidiaries, if any.

2. We have no present or planned future interest in HSIL Limited / Somany Home Innovation Limited / Brilloca Limited and the fee payable for this opinion is not contingent upon the opinion reported herein. HSIL Limited has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omissions are avoided in our final opinion.

3. Our fairness opinion is not intended to and does not constitute a recommendation to any shareholders as to how such holder should vote or act in connection with the Proposed Scheme or any matter related thereto.

4. The Opinion contained herein is not intended to represent, at any time other than the date that is specifically stated, in this Report. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.

5. Our report should not be construed as an opinion or certificate certifying the compliance of the Proposed Scheme with the provisions of any law, including companies, taxation and capital markets related laws or as regards any legal implication or issues arising from the proposed demerger.

FINSHORE MANAGEMENT SERVICES LIMITED Kolkata

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5th January, 2018

To,

Vishnu Vyas
Asst. Manager,
The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East)
Mumbai 400 051

Sub: Complaints Report as per Annexure-III of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

Dear Sir/ Madam,

We refer to our letter dated November 23, 2017, regarding submission of application under Regulation 37 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 for the Composite Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, amongst HSIL Limited, Somany Home Innovation Limited, Bellora Limited and their respective Shareholders and Creditors.

In continuation of the aforesaid, we are now submitting Complaint Report for the period from November 23, 2017 to January 04, 2018 as per Annexure-III of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

We will be pleased to provide any clarification as you may require in this regard. We request you to kindly acknowledge the same.

Thanking you,

For HSIL Limited

Payal M Puri
(Company Secretary)

Encl: As Above

HSIL Limited
Corporate Office: 301-302, 3rd Floor, Park Centra, Sector-30, NH-8, Gurgaon, Haryana - 122 001. T +91-124 4979200, F +91-124-4292899/99
Registered Office: 2, Red Cross Place, Kolkata, West Bengal - 700 001. T +91-33-2240 7406/07, F +91-33-2243 7045
mail@mail.hindware.co.in | www.hindwarehomes.com | CIN No. - L51421WB1960PLC024439

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Complaints Report
(For the period form 23rd November, 2017 to 4th January, 2018)

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	4
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	4
4.	Number of complaints resolved	4
5.	Number of complaints pending	NIL

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Ms. Neeta Dipak Panchal	11.12.2017	Resolved
2.	Ms. Rajni Gujral	11.12.2017	Resolved
3.	Mr. Arvind Y. Gawde	12.12.2017	Resolved
4.	Ms. Sandhya Gandhi	23.12.2017	Resolved

For HSIL Limited

Payal M. Puri
(Company Secretary)

Name: Payal M. Puri
Address: 301-302, 3rd Floor, Park Centra, Sector 30, NH-8, Gurugram -122001
Membership No. 16068

Complain report submitted to BSE Ltd. through e-mail on January 24, 2018

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Complaints Report
(For the period form 23rd November, 2017 to 23rd January, 2018)

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	4
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	4
4.	Number of complaints resolved	4
5.	Number of complaints pending	NIL

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Neuta Dipak Panchal	11.12.2017	Resolved
2.	Rajni Gujral	11.12.2017	Resolved
3.	Arvind Y Gawde	12.12.2017	Resolved
4.	Sandhya Gandhi	23.12.2017	Resolved

For **HSIL Limited**

Payal M. Puri
(Company Secretary)

Name: Payal M. Puri
Address: 301-302, 3rd Floor, Park Centre, Sector 30, NH-8, Gurugram -122001
Membership No. 16068

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Ref: NSE/LIST/14158

April 23, 2018

The Company Secretary
HSIL Limited
301-302, Park Centra
Sector 30, National Highway 8
Gurgaon 122001

Kind Attn.: Ms. Payal M Puri

Dear Madam,

Sub: Observation Letter for Composite Scheme of Arrangement amongst HSIL Limited and Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors.

We are in receipt of the draft Composite Scheme of Arrangement amongst HSIL Limited and Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors, filed by HSIL Limited vide application dated November 23, 2017.

Based on our letter reference no Ref: NSE/LIST/34091 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated April 20, 2018, has given following comments:

a. *Company to ensure that information pertaining to action taken by SEBI against Mr. Nand Gopal Khaitan, one of the directors of HSIL Limited, in the matter of India Power Corporation Limited (erstwhile DPSC Limited), vide SEBI order no WTM/PS/OS/CFD/JUNE/2013 dated June 04, 2013 for non-compliance with MPS, is disclosed in the scheme under the heading "action taken by SEBI/RBI" and the same is brought to the notice of shareholders and Hon'ble NCLT.*

b. *Company to ensure that applicable information pertaining to unlisted entities SHIL and BI, are included in the format specified for abridged prospectus as specified in the circular.*

c. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the receipt of this letter is displayed on the website of the listed company.*

d. *The Company shall duly comply with various provisions of the Circulars.*

e. *The Company is advised that the observations of SEBI/ Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*

f. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

This Document is Digitally Signed

Signer: Hiren Narendra Shah
Date: Mon, Apr 23, 2018 14:09:09 IST
Location: NSE

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from April 23, 2018, within which the scheme shall be submitted to NCLT.

Yours faithfully,
For **National Stock Exchange of India Ltd.**

Hiren Shah
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

This Document Is Digitally Signed
Signer: Hiren Narayan Shah
Date: Mon, Apr 23, 2018 14:30:33 IST
Location: NSE

Regd. Office: Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051, India
CIN: U67120MH1992PLC069769 Tel: +91 22 26598235/36, 26598346, 26598459/26598458 Web site: www.nseindia.com

EXPERIENCE THE NEW

DCS/AMAL/PB/R37/1101/2017-18 April 24, 2018

The Company Secretary
HSIL LTD.
2, Red Cross Place ,Kolkata ,
West Bengal, 700001.

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement between HSIL Ltd, Somany Home Innovation Limited & Briloca Limited.

We are in receipt of Draft Scheme of Arrangement between HSIL Ltd, Somany Home Innovation Limited & Briloca Limited and their respective shareholders and Creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated March 21, 2018, has inter alia given the following comment(s) on the draft scheme of arrangement:

- "Company to ensure that information pertaining to action taken by SEBI against Mr Nand Gopal Khaitan, one of the Directors of HSIL, in the matter of India Power Corporation Limited (erstwhile DPSC Limited),vide SEBI order no WTM/PS/OS/CFD/JUNE/2013 dated June 04, 2013 for non-compliance with MPS, is disclosed in the scheme under the heading "action taken by SEBI/RBI" and the same is brought to the notice of shareholders and Hon'ble NCLT."
- "Company shall ensure that applicable information pertaining to unlisted SHL & Bl. is included in the abridged prospectus as per the format specified in the circular."
- "Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company."
- "Company shall duly comply with various provisions of the Circulars."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to these matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or in any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

Nida Pujari
Sr. Manager

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF HSIL LIMITED ("BOARD") EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of compromise on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders laying out in particular the share exchange ratio is required to be circulated to the shareholders along with the notice of convening the meeting. This report is submitted pursuant to the said provisions.

The Board at its meeting held on November 10, 2017, examined and approved the draft scheme of arrangement ("**Scheme**") to demerge the CPDM Undertaking and the Retail Undertaking to Somany Home Innovation Limited ("**Transferee Company 1**") and BPDM Undertaking to Bilteco Limited ("**Transferee Company 2**").

At the Board meeting, the following documents were placed before the Board for their consideration:

1. Draft Scheme of Arrangement;
2. Valuation Report dated November 8, 2017, issued by Santosh K Singh & Co ; and
3. Fairness Opinion dated November 9, 2017 issued by Finshore Management Services Limited.

Based on the review of the Scheme and aforementioned documents, the Board was of the opinion that, the effect of the proposed Scheme on the various stakeholders of HSIL Limited ("**Transferor Company**") would be as follows:

S.No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company ("**New Equity Shares**"). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation

HSIL Limited
(An ISO 9001:14001 OHSAS 18001 Certified Company)
CIN : L51433WB1960PLC024539

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2, Red Cross Place,
Kolkata, West Bengal - 700 001 India.
T+91-33-2248 7406 / 07, Fax : +91-33-2248 7045

Corporate Office:
301-302, III[rd] Floor Park Centra, Sector-30, NH-8, Gurgaon - 122 001 India.
T+91-124-477 9200, Fax +91-124-429 2898 / 99

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S.No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
		The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company whose name is recorded in the register of members of the Transferor Company as holding shares as of the Record Date.
2.	Promoter	Please refer to S. No. 1 above regarding effect of the Scheme on the shareholders of the Transferor Company.
3.	Non-Promoter Shareholders	
4	Key Managerial Personnel ("KMPs")/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of the Transferor Company.
5.	Creditors/ Debenture Holders	The Scheme is expected to be in the best interests of the creditors of the Transferor Company. There are no debenture holders in the Transferor Company.
6.	Depositors/ Deposit Trustee	The Transferor Company does not have any depositors or deposit trustee.
7.	Debenture Trustee	The Transferor Company has not issued any debentures
8.	Employees	(a) Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits. (b) Upon the Scheme becoming effective, all employees of the BPDM Undertaking shall be deemed to have become employees of Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits

In the opinion of the Board, the said Scheme will be fair and reasonable for all stakeholders.

For and on behalf of **HSIL LIMITED**

Name: G.C. Sultania
Designation: Director
Date: 29.01.2018

HSIL Limited
(An ISO 9001:14001 OHSAS 18001 Certified Company)
CIN : L51433WB1960PLC024539

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Annexure - 10

SOMANY HOME INNOVATION LIMITED
Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001
CIN: U74999WB2017PLC222970
T- +91-33-2248 7407/5668 Email: ngoenka@hindware.co.in

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF SOMANY HOME INNOVATION LIMITED ("BOARD") EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of compromise on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders laying out in particular the share exchange ratio is required to be circulated to the shareholders along with the notice of convening the meeting. This report is submitted pursuant to the said provisions.

The Board at its meeting held on November 10, 2017, examined and approved the draft scheme of arrangement ("**Scheme**") to demerge the CPDM Undertaking and the Retail Undertaking of HSIL Limited ("**Transferor Company**") to Somany Home Innovation Limited ("**Transferee Company 1**") and the BPDM Undertaking of the Transferor Company to Brilloca Limited ("**Transferee Company 2**").

At the Board meeting, the following documents were placed before the Board for their consideration:

1. Draft Scheme of Arrangement; and
2. Valuation Report dated November 8, 2017, issued by Santosh K Singh & Co.

Based on the review of the Scheme and aforementioned documents, the Board was of the opinion that, the effect of the proposed Scheme on the various stakeholders of Transferee Company 1 would be as follows:

S. No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1, and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme Transferee Company 1 shall without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company ("**New Equity Shares**"). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled from and after such cancellation. The New Equity Shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to each shareholder of the Demerged Company

SOMANY HOME INNOVATION LIMITED
Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001
CIN: U74999WB2017PLC222970
T- +91-33-2248 7407/5668 Email: ngoenka@hindware.co.in

		whose name is recorded in the register of members of the Transferor Company as hold ng shares as of the Record Date.
2.	Promoters	Please refer to S. No. 1 above regarding effect of the Scheme on the shareholders of Transferee Company 1.
3.	Non-Promoter Shareholders	
4.	Key Managerial Personnel ("KMPs")/ Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of Transferee Company 1.
5.	Creditors/ Debenture Holders	The Scheme is expected to be in the best interests of the creditor of Transferee Company 1. There are no debenture holders in Transferee Company 1.
6.	Depositors/ Deposit Trustee	Transferee Company 1 does not have any depositors or any deposit trustee.
7.	Debenture Trustee	Transferee Company 1 has not issued any debentures.
8.	Employees	Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking shall be deemed to have become employees of Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits

In the opinion of the Board, the said Scheme will be fair and reasonable for all stakeholders.

For and on behalf of **SOMANY HOME INNOVATION LIMITED**

Name: [illegible]
Designation: Director
Date: 29.01.2018

Annexure - 11

BRILLOCA LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001
CIN: U74999WB2017PLC223307
T- +91-33-22487407/5668 Email: ngoenka@hindware.co.in

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF BRILLOCA LIMITED ("BOARD") EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of compromise on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders laying out in particular the share exchange ratio is required to be circulated to the shareholders along with the notice of convening the meeting. This report is submitted pursuant to the said provisions.

The Board at its meeting held on November 10, 2017, examined and approved the draft scheme of arrangement ("**Scheme**") to demerge the CPDM Undertaking and the Retail Undertaking of HSIL Limited ("**Transferor Company**") to Somany Home Innovation Limited ("**Transferee Company 1**") and the BPDM Undertaking of the Transferor Company to Brilloca Limited ("**Transferee Company 2**").

At the Board meeting, the following documents were placed before the Board for their consideration:

1. Draft Scheme of Arrangement; and
2. Valuation Report dated November 8, 2017, issued by Santosh K Singh & Co

Based on the review of the Scheme and aforementioned documents, the Board was of the opinion that, the effect of the proposed Scheme on the various stakeholders of Transferee Company 2 would be as follows:

S.No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
1.	Shareholders	Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Transferee Company 1; and (b) the demerger of the BPDM Undertaking into Transferee Company 2, pursuant to this Scheme, Transferee Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Transferor Company as on the Record Date, 1 equity share of Rs. 2 each of Transferee Company 1 for every 1 equity share of Rs. 2 each of the Transferor Company ("**New Equity Shares**"). Simultaneous with the issuance of the New Equity Shares as above, the initial issued and paid up equity share capital of Transferee Company 1, comprising of 5,00,000 equity shares of Rs. 2 each, aggregating to Rs. 10,00,000, as held by the Transferor Company and its nominees, shall, without any further application, act, instrument or deed, be automatically cancelled. The share certificates held by the Transferor Company and its nominees representing the equity shares in Transferee Company 1 shall be deemed to be cancelled and from and after such cancellation The pre and post-Scheme shareholding of Transferee Company 2 will remain the same.
2.	Promoters	Please refer to S. No. 1 above regarding effect on the shareholders
3.	Non-Promoter Shareholders	

BRILLOCA LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA - 700001
CIN: U74999WB2017PLC223307
T- +91 33-22487407/5668 Email: ngoenka@hindware.co.in

S.No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
4.	Key Managerial Personnel and Directors	There is expected to be no adverse effect of the said Scheme on the directors or KMPs of Transferee Company 2.
5.	Creditors / Debenture Holders	Transferee Company 2 does not have any creditors or debenture holders
6.	Depositors/ Deposit Trustee	Transferee Company 2 does not have any depositors or any deposit trustee.
7.	Debenture Trustee	Transferee Company 2 has not issued any debentures.
8.	Employees	Upon the Scheme becoming effective, all employees of the BPOM Undertaking shall be deemed to have become employees of Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

In the opinion of the Board, the said Scheme will be fair and reasonable for all stakeholders

For and on behalf of **BRILLOCA LIMITED**

Name: C.L.Sultania
Designation:Director
Date: 29.01.2018

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364871 / 2414
Fax : 91 11 23345188 / 23314308
E-mail : delhi@lodhaco.com

Independent Auditor's Report
To The Members of HSIL Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HSIL Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

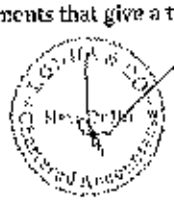
Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in



the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

Attention is drawn to Note 55(a) to the financial statement regarding the utilisation of the Business Reconstruction Reserve ('BRR') to the extent of Rs.210.64 lakh which was created in accordance with a scheme of arrangement (the scheme) approved by Hon'ble High Court of Calcutta. During the year the Company has impaired its investment in a foreign subsidiary amounting to Rs 210.64 lakh and charged the same as exceptional item to standalone statement of profit and loss and withdrawn equivalent amount from BRR.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss including the other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   (e) on the basis of the written representations received from the directors as on 31st March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;



(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of Pending litigations, on its financial position in its standalone financial statements- Refer Note 48 to the standalone Financial Statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No. 85155

Place: Gurugram
Dated: 30th May 2018

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the HSIL Limited on the standalone financial statements for the year ended 31st March 2018, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management according to the program of periodical verification in phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. As per the programme certain fixed assets were verified during the year and no material discrepancies were noticed on such physical verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company as at Balance Sheet date read with Note No. 4(6) of standalone financial statements.

(ii) As per the information and explanation given to us, the inventories of the Company (except stock lying with the third parties and goods in transit), have been physically verified by the management at reasonable intervals during the year. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.

(iii) According to the records and information and explanation made available to us, the Company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security.

(v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.

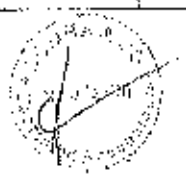
(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, goods and service tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2018.



(b) According to the records and information & explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute except as given below.

Name of the statute	Nature of dues	Period to which amount relates	Amount involved (₹ In lakh)	Forum where dispute is pending
The Central Excise Act, 1944	Central excise	1987-89	27.81	Commissioner of Central Excise, Rohtak
		2005-06	93.24	Customs, Excise and Service Tax, Appellate Tribunal
		1999-2000	24.26	Custom, Excise and Service Tax Appellate Tribunal
		2010-11	9.71	Commissioner, Mangalore
		2004-05 to 2005-06	14.00	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
		2007-08	11.09	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
		2006-07	3.33	Commissioner (Appeals)
		2015-16	8.19	Customs, Excise and Service Tax, Appellate Tribunal
Delhi Sales Tax Act,1975	Sales Tax	2004-05 to 2010-11	66.13	Add. Commissioner (Sales Tax)
Delhi Sales Tax Act,1975	Sales Tax	2010-11 to 2011-12	172.88	Spl. Comm / Commissioner (Sales Tax)
Delhi Sales Tax Act,1975	Sales Tax	2013-14	37.48	Delhi Sales Tax Tribunal
Andhra Value Added Tax Act	Sales Tax	2011-12 to 2012-13	3.75	Appellate Deputy Commissioner Rural Division, Hyderabad
Central Sales Tax Act	Sales Tax	2014-15	91.53	The Appellate Dy. Comm. Rural Division, Hyderabad
Andhra Value Added Tax Act	Sales Tax	2011-12 to 2012-13	3.75	The Appellate Dy. Comm. Rural Division, Hyderabad
Entry Tax Act, 2001	Entry Tax	F.Y 2011-12 to 2016-17	70.00	The Appellate Dy. Comm. Rural Division, Hyderabad
Finance Act, 1994	Service Tax	F.Y 2005-06 to 2006-07	1.60	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service Tax	F.Y 2010-11 to 2011-12	37.57	The Hon'ble Supreme Court of India.
Income Tax Act, 1961	Income – Tax	A.Y2012-13	3.84	Commissioner Income Tax (Appeals), Hubli



Telangana Tax on Entry of Goods into Local areas Act, 2001	Entry Tax	F.Y 2011-12 to 2016-17	3961.13	High Court Judicature of Hyderabad
The Central Sales Tax Act	Sales Tax	FY 2012-13	13.54	Dy. Commissioner (State Tax Hyderabad)
The Central Sales Tax Act	Sales Tax	FY 2014-15	71.21	Commercial Tax Officer
The Central Sales Tax Act	Sales Tax	2007-08 to 2011-12	110.98	Ass. Commissioner of Sales Tax
The Central Sales Tax Act	Sales Tax	2012-13 to 2013-14	5.50	Dy. Commissioner of Sales Tax
Maharashtra Value Added Tax Act	Sales Tax	2010-11 to 2011-12	33.56	Ass. Commissioner of Sales Tax
Maharashtra Value Added Tax Act	Sales Tax	2012-13 to 2013-14	7.36	Dy. Commissioner of Sales Tax

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). On the basis of information and explanation given to us, term loans have been applied for the purposes for which they were obtained.

(x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) On the basis of records and information and explanations made available and based on our examinations of the records of the company, the company has paid / provided managerial remuneration, in accordance with the requisite approvals mandated under Section 197 read with Schedule V of the Act.

(xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.

(xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related parties transactions entered during the year, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no.51)

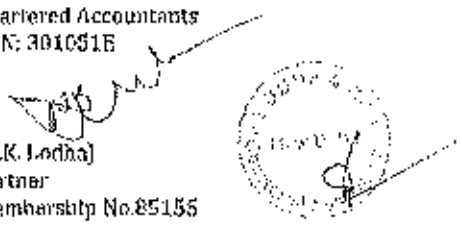
(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.



(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For LODHA & CO.
Chartered Accountants
FRN: 301051E



(N.K. Lodha)
Partner
Membership No.85155

Place: Gurugram
Dated: 30th May 2018

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of ESIL Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

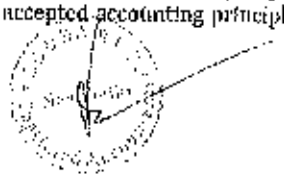
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company



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

Inherent Limitations of Internal Financial Controls Over Financial Reporting
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For LODHA & CO.
Chartered Accountants
FRN: 301051E

(N.C. Lodha)
Partner
Membership No.85155

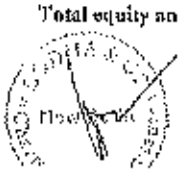
Place: Gurugram
Dated: 30th May 2018

HSIL Limited

Standalone balance sheet as at 31 March 2018

(₹ in lakh)

		Note	As at 31 March 2018	As at 31 March 2017
	ASSETS			
1	**Non-current assets**			
	(a) Property, plant and equipment	4	1,64,915.56	1,49,242.76
	(b) Capital work-in progress		20,937.50	15,157.87
	(c) Goodwill	5	2,694.22	2,694.22
	(d) Other intangible assets	6	497.07	390.79
	(e) Financial assets			
	(i) Investments	7	3,455.34	3,503.53
	(ii) Loans	8	2,972.72	1,850.68
	(iii) Other financial assets	9	27.69	34.64
	(f) Income-tax assets (net)	10	6,027.83	5,496.72
	(g) Other non-current assets	11	4,058.46	9,881.77
	Total non-current assets		2,04,686.39	1,88,182.98
2	**Current assets**			
	(a) Inventories	12	56,429.93	49,249.68
	(b) Financial assets			
	(i) Investments	13		10,455.14
	(ii) Trade receivables	14	51,408.38	39,717.19
	(iii) Cash and cash equivalents	15	23,518.70	13,956.41
	(iv) Bank balances other than (iii) above	16	456.37	425.21
	(v) Loans	17	31.36	139.87
	(vi) Other financial assets	18	2,160.69	263.93
	(c) Other current assets	19	9,808.89	6,371.15
	Total current assets		1,43,804.31	1,20,578.58
	Total assets		3,47,490.70	3,08,761.56
	EQUITY AND LIABILITIES			
1	**Equity**			
	(a) Equity share capital	20	1,445.97	1,445.97
	(b) Other equity	21	1,47,481.17	1,43,557.74
	Total equity		1,48,927.14	1,45,003.71
2	**Liabilities**			
	Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	22	53,302.06	31,732.92
	(ii) Other financial liabilities	23	5,251.40	5,501.49
	(b) Provisions	24	1,021.38	937.37
	(c) Deferred tax liabilities (net)	25	21,154.21	20,768.33
	(d) Other non-current liabilities	26	206.40	164.44
	Total non-current liabilities		79,935.45	59,204.55
	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	27	63,671.16	50,370.01
	(ii) Trade payables	28	21,756.61	19,660.37
	(iii) Other financial liabilities	29	28,565.04	30,388.54
	(b) Other current liabilities	30	4,329.74	3,836.05
	(c) Provisions	31	325.56	298.33
	Total current liabilities		1,18,628.11	1,04,553.30
	Total liabilities		1,98,563.56	1,63,757.85
	Total equity and liabilities		3,47,490.70	3,08,761.56





HSIL Limited

Notes 1 to 62 form an integral part of these standalone financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No.:301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 16068

Dr. Rajender Kumar Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Jalan
Chief Financial Officer

HSIL Limited

Standalone statement of profit and loss for the year ended 31 March 2018

(₹ in lakh)

Particulars		Note	Year ended 31 March 2018	Year ended 31 March 2017
I	Revenue from operations	32	2,28,451.27	2,22,654.68
II	Other income	33	971.32	154.64
III	Total income		2,29,422.59	2,23,309.32
IV	Expenses			
	Cost of materials consumed	34	41,743.53	37,059.49
	Purchases of stock-in-trade	35	54,683.70	43,940.06
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	36	(7,537.97)	(648.49)
	Excise duty on sales		3,500.03	15,492.15
	Employee benefits expense	37	30,887.11	28,633.03
	Finance costs	38	5,575.92	3,335.06
	Depreciation and amortisation expense	39	11,403.99	11,083.31
	Other expenses	40	77,935.96	69,248.45
	Total expenses		2,18,192.27	2,08,143.77
V	Profit before exceptional items and tax		11,230.32	14,965.55
VI	Exceptional items (refer note 55 (a) and 61		(864.79)	-
	Loss manifested from business reconstruction reserve (refer note 55 (a))		210.64	-
VII	Profit before tax		10,576.17	14,965.55
VIII	Tax expense	41		
	(1) Current tax		2,787.41	4,889.31
	Earlier year income tax		1.43	-
	(2) Deferred tax		311.45	(224.84)
	Total tax expense		3,100.09	4,664.47
IX	Profit for the year		7,476.08	10,301.08
X	Other comprehensive income			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plan		312.04	81.13
	(b) Changes in fair value of equity instruments through other comprehensive income		100.95	228.42
	(ii) Income-tax relating to these items		(74.43)	(55.94)
	Other comprehensive income, net of tax		138.56	253.61
XI	Total comprehensive income for the year		7,614.64	10,554.69
XII	Earnings per equity share (of ₹ 2/- each):			
	Basic and diluted (refer note 46)		10.34	14.25

HSIL Limited

Notes 1 to 62 form an integral part of these standalone financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No:301051E

N.K. Lodha
Partner
M. No.85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Payal M. Puri
Company Secretary
ACS No.: 16068

Sandeep Sikka
Chief Financial Officer

HSIL Limited

Standalone cash flow statement for the year ended 31 March 2018

(₹ in lakh)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	10,576.17	14,966.55
Adjustments for:		
Finance costs	5,375.92	3,335.86
Transfer from business reconstruction reserve	(210.64)	-
Investment income	(11.41)	(8.19)
Interest income	(137.82)	(187.41)
Deferred government grant	(635.32)	-
Gain on disposal of property, plant and equipment	(22.87)	(19.54)
Loss on disposal of property, plant and equipment	25.52	317.54
Net (gain) arising on current investments		(5.14)
Sundry balances and liabilities no longer required, written back	(573.50)	(208.99)
Provision for expected credit loss	569.94	527.53
Bad debts written off	3.88	0.01
Depreciation and amortisation expenses	11,403.99	11,083.31
Net foreign exchange (gain)	333.34	(361.08)
	26,697.40	29,439.45
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(13,321.10)	(952.19)
(Increase)/decrease in inventories	(7,180.25)	(1,082.77)
(Increase)/decrease in other assets	(339.74)	(5,034.23)
Increase /(decrease) in trade and other liabilities	3,206.53	5,208.57
Increase /(decrease) in provisions	91.24	154.75
Cash generated from operations	9,154.08	27,733.58
Income taxes paid	(3,379.74)	(7,281.34)
Net cash generated by operating activities	5,774.34	20,452.24
Cash flows from investing activities:		
Payments to acquire financial assets	(5,433.03)	(20,138.19)
Proceeds on sale of financial assets	26,158.41	9,743.19
Interest received	161.06	74.28
Amounts advanced to related parties	32.29	85.62
Payments for property, plant and equipment	(29,678.78)	(22,581.02)
Proceeds from disposal of property, plant and equipment	184.02	141.95
Movement in other bank balances	(34.22)	(96.81)
Net cash (used in) investing activities	(18,610.25)	(32,830.98)
Cash flows from financing activities:		
Proceeds from borrowings	26,900.00	22,986.58
Repayment of borrowings	(9,022.76)	(12,558.95)
Movement in short term borrowings (net)	13,230.46	21,152.95
Taxes on dividend paid	(588.71)	(588.71)
Dividends paid to owners of the Company	(2,882.72)	(2,890.91)
Interest paid	(5,238.07)	(3,328.07)
Net cash used in financing activities	22,398.20	24,782.89
Net increase in cash and cash equivalents:	9,562.29	12,404.15
Cash and cash equivalents at the beginning of the year	13,956.41	1,552.26
Cash and cash equivalents at the end of the year	23,518.70	13,956.41

Disclosure made pursuant to amendment made in Ind AS-7 :-

The movement in liabilities from financing activities

		Cash Flows	Non-Cash Flow Changes		
	As at 31st March 2017		Foreign Exchange	Other	As at 31st March 2018
Long term borrowings	40,266.20	17,877.24	62.65	635.32	59,551.10
Short term borrowings	50,371.00	13,230.46	70.69	-	63,672.16
Total liabilities from financing activities	90,178.90	31,107.70	133.34	635.32	1,23,008.26

Notes 1 to 62 forms an integral part of these standalone financial statements.
In terms of our report attached

For Lodha & Co
Chartered Accountants
Firm Registration No:301051E

M.K. Lodha
Partner
M. No. 83155
Place : Gurugram
Date : 30 May 2018

Manish Sonthalia
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 36088

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00083557

Sandeep Sikka
Chief Financial Officer

HSIL Limited

Standalone statement of changes in equity for the year ended 31 March 2018

a. Equity share capital

(₹ in lakh)

Particulars	Number of shares	Amount
Issued and paid up capital		
Balance as at 1 April 2016	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2017	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018	7,22,96,395	1,445.97

b. Other equity

(₹ in lakh)

Particulars	Reserves and surplus						Other comprehensive income		Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 1 April 2016	80.92	45,497.67	24,905.64	15.00	20,419.58	44,656.64	(81.51)	1,792.05	1,37,394.37
Profit for the year	-	-	-	-	-	10,301.08	-	-	10,301.08
Other comprehensive income for the year (net of income tax)	-	-	-	-		-	52.60	200.21	252.81
Total comprehensive income for the year	-	-	-	-	-	10,301.08	52.60	200.21	10,554.69
Less: transactions with owners in their capacity as owners									
Payment of equity dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57	-	-	3,480.57
Less: Transfer to statement of profit and loss during the year (also refer note 55(c))	-	-	-	-	838.62	-	-	-	838.62
Less: Deferred tax charge on business reconstruction reserve for the year	-	-	-	-	(27.85)	-	-	-	(27.85)
Balance as at 31 March 2017	80.92	45,497.67	24,905.64	15.00	19,608.85	51,477.15	(28.91)	1,992.26	1,43,557.74
Profit for the year	-	-	-	-	-	7,476.02	-	-	7,476.02
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	72.89	65.67	138.56
Total comprehensive income for the year	-	-	-	-	-	7,476.02	72.89	65.67	7,614.54
Less									
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57	-	-	3,480.57
Transfer to statement of profit and loss during the year (also refer note 55(c))	-	-	-	-	210.64	-	-	-	210.64
Balance as at 31 March 2018	80.92	45,497.67	24,905.64	15.00	19,398.20	55,482.66	43.98	2,056.93	1,47,481.17

HSIL Limited

Notes 1 to 52 form an integral part of these standalone financial statements
In terms of our report attached.

For Lodha & Co
Chartered Accountants
Firm Registration No:301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurgaon
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00052537

Payal Dr. Puri
Company Secretary
ACS No.: 16058

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00052457

Chief Financial Officer

HSIL LIMITED GURGAON

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364871 / 2414
Fax : 91 11 23345369 / 23314309
E-mail : delhi@lodhaco.com

Independent Auditor's Report
To The Members of HSIL Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HSIL Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Statement of Consolidated Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group as at 31st March 2018, and their consolidated financial performance (including other comprehensive income), the consolidated statement of change in equity and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of five subsidiaries, whose financial statements include total assets of Rs. 416.55 Lakh, total revenues of Rs. 777.94 Lakh and net cash inflows amounting to Rs. 18.68 Lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in

so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

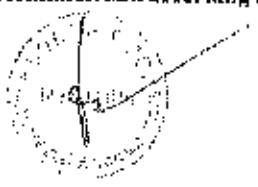
(c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the statement of change in equity and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules made thereunder.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st March 2018 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.

(f) With respect to the adequacy and the operating effectiveness of of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure A" and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration



of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph :

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 48 to the consolidated financial statements;

ii. The group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts during the year ended 31st March 2018; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies.

For LODHA & CO.
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No.85155

Place: Gurugram
Dated: 30th May 2018

"Annexure A" to the Independent Auditor's Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of IISIL Limited ('the Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

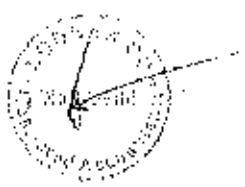
Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding company and its subsidiary companies which are incorporated in India have maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting Issued by the Institute of Chartered Accountants of India.



Other Matters

i) Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary, which is a company incorporated in India, is based on the corresponding reports of the auditor of such company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E



(N.K. Lodha)
Partner
Membership No.85155

Place: Gurugram
Dated: 30th May 2018

HSIL Limited
Consolidated balance sheet as at 31 March 2018

(₹ in lakh)

		Note	As at 31 March 2018	As at 31 March 2017
	ASSETS			
1	**Non-current assets**			
	(a) Property, plant and equipment	4	1,64,915.56	1,49,243.22
	(b) Capital work-in-progress		20,937.50	15,157.87
	(c) Goodwill	5	2,694.22	2,694.22
	(d) Other intangible assets	6	525.86	422.23
	(e) Financial assets			
	(i) Investments	7	3,247.86	3,247.11
	(ii) Loans	8	2,018.93	1,781.15
	(iii) Other financial assets	9	27.69	30.04
	(f) Income-tax assets (net)	10	6,027.85	5,436.72
	(g) Other non-current assets	11	4,058.46	9,881.77
	Total non-current assets		2,04,453.91	1,87,794.33
2	**Current assets**			
	(a) Inventories	12	56,434.10	49,249.68
	(b) Financial assets			
	(i) Investments	13	26.72	10,488.14
	(ii) Trade receivables	14	51,375.64	39,754.62
	(iii) Cash and cash equivalents	15	22,562.37	13,994.01
	(iv) Bank balances other than (iii) above	16	457.97	437.68
	(v) Loans	17	75.72	118.23
	(vi) Other financial assets	18	1,100.60	263.93
	(c) Other current assets	19	9,881.31	6,415.20
	Total current assets		1,42,914.43	1,20,688.49
	Total assets		3,47,368.34	3,08,482.82
	EQUITY AND LIABILITIES			
1	**Equity**			
	(a) Equity share capital	20	1,445.97	1,445.97
	(b) Other equity	21	1,47,300.87	1,43,206.73
	Total equity		1,48,746.84	1,44,652.70
2	**Liabilities**			
	Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	22	52,302.06	31,732.92
	(ii) Other financial liabilities	23	5,251.40	5,591.49
	(b) Provisions	24	1,022.01	958.93
	(c) Deferred tax liabilities (net)	25	21,154.21	20,766.33
	(d) Other non-current liabilities	26	201.04	154.44
	Total non-current liabilities		79,930.72	59,206.13
	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	27	63,671.16	50,370.01
	(ii) Trade payables	28	21,736.62	19,672.50
	(iii) Other financial liabilities	29	28,597.92	30,446.06
	(b) Other current liabilities	30	4,389.49	3,837.07
	(c) Provisions	31	325.59	298.35
	Total current liabilities		1,18,699.78	1,04,623.99
	Total liabilities		1,98,621.50	1,63,830.12
	Total equity and liabilities		3,47,368.34	3,08,482.82





HSIL Limited
Consolidated balance sheet as at 31 March 2018

Notes 1 to 62 form an integral part of these consolidated financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 14068

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

HSIL Limited

Consolidated statement of profit and loss for the year ended 31 March 2018

(₹ in lakh)

	Particulars	Note	Year ended 31 March 2018	Year ended 31 March 2017
I	Revenue from operations	32	2,28,778.03	2,22,973.34
II	Other income	33	967.88	455.64
III	**Total income**		2,29,745.91	2,23,428.97
IV	Expenses			
	Cost of materials consumed	34	41,743.53	37,859.39
	Purchases of stock-in-trade	35	54,686.67	44,108.34
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	36	(7,542.14)	(648.49)
	Excise duty		3,500.03	15,492.15
	Employee benefits expense	37	30,902.29	28,658.65
	Finance costs	38	5,876.01	3,348.10
	Depreciation and amortisation expense	39	11,407.09	11,086.67
	Other expenses	40	78,305.68	69,630.41
	Total expenses		2,18,879.16	2,09,734.21
V	Profit before exceptional items and tax		11,166.75	14,693.76
VI	Exceptional items	61	(554.15)	-
VII	Profit before tax		10,612.60	14,693.76
VIII	Tax expense	41		
	(1) Current tax		2,787.21	4,889.31
	Earlier year income tax		3.92	-
	(2) Deferred tax		311.45	(224.84)
	Total tax expense		3,102.58	4,664.47
IX	Profit for the year		7,410.02	10,029.29
X	Other comprehensive income			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plan		115.68	81.20
	(b) Changes in fair value of equity instruments through other comprehensive income		100.95	228.42
	(ii) Income-tax relating to these items		(74.43)	(55.94)
	Other comprehensive income, net of tax		142.20	253.68
XI	Total comprehensive income for the year		7,552.22	10,282.97
XII	Earnings per equity share (of ₹ 2/- each):			
	Basic and diluted		10.25	13.87





HSIL Limited
Consolidated statement of profit and loss for the year ended 31 March 2018

Notes 1 to 62 form an integral part of these consolidated financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co	**Sandip Somany**	**Dr. Rajendra Kumar Somany**
Chartered Accountants	Vice Chairman and Managing Director	Chairman and Managing Director
Firm Registration No.:301051E	DIN: 00053597	DIN: 00053557
N.K. Lodha	**Payal M. Patil**	**Sandeep Sikka**
Partner	Company Secretary	Chief Financial Officer
M. No. 85155	ACS No.: 16068	
Place : Gurugram		
Date : 30 May 2018		

HSIL Limited

Consolidated cash flow statement for the year ended 31 March 2018

(₹ in lakh)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	10,512.60	14,093.76
Adjustments for:		
Finance costs	5,576.01	3,348.10
Investment income	(11.41)	(8.19)
Interest income	(633.90)	(188.41)
Deferred government grant	(635.32)	
Gain on disposal of property, plant and equipment	(22.87)	(19.54)
Loss on disposal of property, plant and equipment	25.52	317.19
Net (gain) arising on current investments	(0.22)	(5.14)
Sundry balances and liabilities no longer required, written back	(574.52)	(208.99)
Provision for expected credit loss	576.59	618.20
Bad debts written off	3.88	38.21
Depreciation and amortisation expenses	11,407.09	11,686.67
Net foreign exchange (gain)	141.85	(377.95)
	26,865.30	29,293.91
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(13,625.34)	(857.27)
(Increase)/decrease in inventories	(7,184.42)	(1,082.77)
(Increase)/decrease in other assets	(360.68)	(4,957.33)
Increase /(decrease) in trade and other liabilities	3,077.55	5,153.40
Increase /(decrease) in provisions	89.59	154.56
	(18,003.50)	(1,589.41)
Cash generated from operations	8,861.80	27,704.50
Income taxes paid	(3,382.24)	(7,281.34)
Net cash generated by operating activities	5,479.56	20,423.16
Cash flows from investing activities:		
Payments to acquire financial assets	(5,045.48)	(20,184.78)
Proceeds on sale of financial assets	16,158.41	9,743.19
Interest received	157.23	75.27
Amounts advanced to related parties	(60.89)	40.78
Payments for property, plant and equipment	(29,678.78)	(22,581.04)
Proceeds from disposal of property, plant and equipment	185.55	142.30
Movement in other bank balances	(23.35)	(96.81)
Net cash (used in) investing activities	(18,309.31)	(32,861.09)
Cash flows from financing activities:		
Proceeds from borrowings	26,900.00	22,986.56
Repayment of borrowings	(9,022.76)	(12,556.97)
Movement in short term borrowings (net)	13,230.46	21,142.89
Taxes on dividend paid	(588.71)	(588.71)
Dividends paid to owners of the Company	(2,982.72)	(2,980.91)
Interest paid	(5,238.16)	(3,338.30)
Net cash used in financing activities	22,398.11	24,762.56
Net increase in cash and cash equivalents:	9,568.36	12,324.63
Cash and cash equivalents at the beginning of the year	13,994.01	1,669.38
Cash and cash equivalents at the end of the year	23,562.37	13,994.01

Disclosure made pursuant to amendment made in Ind AS-7 :

The movement in liabilities from financing activities:

		Cash Flows	Non-Cash Flow Changes		
	As at 31st March 2017		Forcing Exchange	Other	As at 31st March 2018
Long term Borrowings	40,755.89	17,872.24	62.65	635.32	59,331.10
Short term borrowings	50,370.01	13,230.46	70.69	-	63,671.16
Total Liabilities from financing activities	91,125.90	31,102.70	133.34	635.32	1,23,002.26

Notes 1 to 62 forms an integral part of these consolidated financial statements.
In terms of our report attached.

For Lodha & Co
Chartered Accountants
Firm Registration No.:301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053557

Payal M. Puri
Company Secretary

ACS No.: 16068

For and on behalf of the board of directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

HSIL Limited

Consolidated statement of changes in equity for the year ended 31 March 2018

a. Equity share capital (₹ in lakh)

Particulars	Number of shares	Amount
Issued and paid up capital		
Balance as at 1 April 2016	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2017	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018	7,22,96,395	1,445.97

b. Other equity (₹ in lakh)

Particulars	Reserves and surplus							Other comprehensive income		Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Foreign currency translation reserve	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 1 April 2016	120.80	45,497.87	24,903.64	15.00	22,663.84	42,263.73	31.86	(84.45)	1,702.03	1,37,203.51
Profit for the year	-	-	-	-	-	10,029.29	11.57	-	-	10,040.86
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-		52.40	201.28	253.68
Total comprehensive income for the year	-	-	-	-	-	10,029.29	11.57	52.40	201.28	10,294.54
Less: transactions with owners in their capacity as owners										
Payment of equity dividends (including dividend distribution tax)		-	-	-	-	3,480.57		-	-	3,480.57
Less: Transfer to statement of profit and loss during the year [also refer note 54]	-	-	-	-	838.63	-		-	-	838.63
Less: Deferred tax charge on business reconstruction reserve for the year	-	-	-	-	(27.88)	-		-	-	(27.88)
Balance as at 31 March 2017	120.80	45,497.87	24,903.64	15.00	21,252.29	49,412.45	43.43	(32.05)	1,993.31	1,43,206.73
Profit for the year	-	-	-	-	-	7,410.02	22.49	-	-	7,432.51
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-		76.53	65.67	142.20
Total comprehensive income for the year	-	-	-	-	-	7,410.02	22.49	76.53	65.67	7,574.71
Less: transactions with owners in their capacity as owners										
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57			-	3,480.57
Balance as at 31 March 2018	120.80	45,497.87	24,903.64	15.00	21,252.29	53,341.90	65.92	44.48	2,058.98	1,47,300.87

Notes 1 to 62 form an integral part of these consolidated financial statements.
In terms of our report attached.

For Lodha & Co
Chartered Accountants
Firm Registration No.:301051E

M.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30 May 2018

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary
ACS No.: 16068

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364871 / 2414
Fax : 91 11 23345168 / 23314309
E-mail : delhi@lodhaco.com

Independent Auditor's Report
To The Members of Somany Home Innovation Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Somany Home Innovation Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the period then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

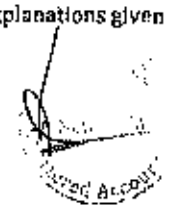
   (c) the Balance Sheet, the Statement of Profit and Loss including the other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   (e) on the basis of the written representations received from the directors as on 31st March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



i. The Company did not have any pending litigation, the impact of which is required to be disclosed/ to be provided for in financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No. 85155

Place: Gurugram
Dated: 30th May 2018

Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Somany Home Innovation Limited on the standalone financial statements for the period ended 31st March 2018, we report that:

(i) The Company does not have any fixed assets during the period. Accordingly, clause 3 (i) of the Order is not applicable.

(ii) As per the information and explanation given to us, the Company does not have any inventory during the period. Accordingly, clause 3 (ii) of the Order is not applicable.

(iii) According to the records and information and explanation made available to us, the Company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.

(v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, goods and service tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2018.

(b) According to the records and information & explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise and value added tax that have (also there was no delay in deposit and no outstanding as at 31st March 2018 for a period over 6 months) not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanation given to us , the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the period. The Company did not have any outstanding debentures during the period.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).



(x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid / provided for any managerial remuneration under the provisions of Section 197 of the Companies Act, 2013. Accordingly, clause 3(xi) of the Order is not applicable on the Company.

(xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.

(xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related parties transactions entered during the period, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no. 11)

(xiv) During the period, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No.85155
Place: New Delhi
Dated: 30th May 2018

Annexure B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Somany Home Innovation Limited** ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company



financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No.85155

Place: New Delhi
Dated: 30th May 2018

Sonisty Home Innovation Limited
Balance Sheet as at 31 March 2018

(₹)

Particulars		Note	As at 31 March 2018
	ASSETS		
1	**Non-current assets**		
	(a) Financial assets		
	(i) Investments	2	10,00,000
	Total non-current assets		**10,00,000**
2	**Current assets**		
	(a) Financial assets		
	(i) Cash and cash equivalents	3	1,63,831
	Total current assets		**1,63,831**
	Total assets		**11,63,831**
	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity share capital	4	10,00,000
	(b) Other equity	5	(5,02,719)
	Total equity		**4,97,281**
2	**Liabilities**		
	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	6	6,00,000
	(ii) Other financial liabilities	7	43,200
	(b) Other current liabilities	8	23,350
	Total current liabilities		**6,66,550**
	Total liabilities		**6,66,550**
	Total equity and liabilities		**11,63,831**

Notes 1 to 21 form an integral part of these financial statements.

In terms of our report attached,
For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30th May 2018

For and on behalf of the Board of Directors

Sandip Sotnaney
Director
DIN: 00053507

Director
DIN: 00060931

Somany Home Innovation Limited

Statement of profit and loss for the period ended 31 March 2018

(₹)

Particulars		Note	Period ended 31 March 2018
I	Revenue from operations		-
II	Other income		-
III	Total income		-
IV	Expenses		
	Finance costs	9	3,800
	Other expenses	10	4,98,919
	Total expenses		5,02,719
V	Profit / (loss) before exceptional items and tax		(5,02,719)
VI	Exceptional items		-
VII	Profit/(loss) before tax		(5,02,719)
VIII	Tax expense		
	(1) Current tax		
	(2) Deferred tax		-
	Total tax expense		-
IX	Profit/(loss) for the period		(5,02,719)
X	Other comprehensive income		
	(i) Items that will not be reclassified to profit or loss		
	(a) Remeasurements of the defined benefit plan		-
	(b) Changes in fair value of equity instruments through other comprehensive income		-
	(ii) Income tax relating to these items		-
	Other comprehensive income, net of tax		-
XI	Total comprehensive income for the period		(5,02,719)
	Earnings per equity share (of ₹ 2/- each):		
	Basic and diluted		(1.01)

Notes 1 to 21 form an integral part of these financial statements.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30th May 2018

Sandip Somany
Director
DIN: 00953597

Director
DIN: 00060931

Sooraj Home Innovation Limited
Standalone cash flow statement for the period ended 31 March 2018

Particulars	(₹) Period ended 31 March 2018
Cash flows from operating activities	
Loss before tax	(5,02,719)
Change in working capital	
Increase in trade and other payables	66,550
	66,550
Cash generated from operations	(4,36,169)
Income taxes paid	-
Net cash generated by operating activities	(4,36,169)
Cash flows from investing activities:	
Payments to acquire financial asset (Investment in subsidiary)	(10,00,000)
Net cash (used in) investing activities	(10,00,000)
Cash flows from financing activities:	
Proceeds from borrowings	6,00,000
Proceed from capital issue / Equity Shares	10,02,002
Net cash used in financing activities	16,00,000
Net increase in cash and cash equivalents	1,65,831
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	1,65,831

Since this is the first annual statements of the company, hence comparable figures are not available.

Notes - 1 to 7 form an integral part of these standalone financial statements
As per our report attached

For and on behalf of the board of directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N K Lodha
Partner
M. No. 85123
Place : Gurugram
Date : 30th May 2018

Sanjay Sooraj
Director
DIN: 00053937

Girdhari Lal Sullania
Director
DIN: 03069991

Sunmay House Innovations Limited
Significant accounting policies and other explanatory information to the standalone financial statements for the period ended 31 March 2018

Change in equity

a) Equity share capital

Particulars	As at 31 March 2018	
	No. of shares	(₹)
Authorised:		
Equity shares of ₹ 2 each	50,00,000	1,00,00,000
Issued:		
Equity shares of ₹ 2 each	5,00,000	10,00,000
Subscribed and fully paid:		
Equity shares of ₹ 2 each	5,00,000	10,00,000
	5,00,000	10,00,000

b) Statement of other equity

(₹)

Particulars	Reserves and surplus	Total
	Retained earnings	
Loss for the period	(5,02,719)	(5,02,719)
Other comprehensive income for the period (net of income tax)		
Total comprehensive income for the period	(5,02,719)	(5,02,719)
Balance as at 31 March 2018	(5,02,719)	(5,02,719)

Notes 1 to 31 form an integral part of these financial statements.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No.:301051E

N.R. Lodha
Partner
M. No. 88155
Place : Gurugram
Date : 30th May 2018

Sandip Sukhani
Director
DIN: 00053597

Girdhari Lal Sukhani
Director
DIN: 00060931

Serony Home Innovation Limited
Significant accounting policies and other explanatory information to the standalone financial statements for the period ended 31 March 2018

Note 20 - Financial instruments by category

Particulars	As at 31 March 2018		
	FVOCI	FVTPL	Amortised cost
Non current financial assets			
Investments	-	-	10,00,000
Current financial assets			
Investments	-	-	-
Trade receivable	-	-	-
Cash and cash equivalents	-	-	1,61,233
Bank balances other than cash and cash equivalents	-	-	-
Loans	-	-	-
Other financial assets	-	-	-
Total financial assets	-	-	11,61,233
Non current financial liabilities			
Non current borrowings	-	-	-
Other financial liabilities	-	-	-
Current financial liabilities			
Current borrowings	-	-	6,00,000
Trade payables	-	-	-
Other financial liabilities	-	-	43,200
Total financial liabilities	-	-	6,43,200

Note 21 - Contingent liability and other commitment NIL

As said on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No: 301051E

N.K. Lodha
Partner
M. No. 085155
Place : Gurugram
Date : 30th May 2018

Sandip Swarup
Director
DIN: 00053597

Gulshan Chhabriade
Director
DIN: 08966211

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
Fax : 91 11 23346168 / 23314308
E-mail : delhi@lodhaco.com

Independent Auditor's Report
To The Members of Brilloca Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Brilloca Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the period then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss including the other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   (e) on the basis of the written representations received from the directors as on 31st March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

i. The Company did not have any pending litigation, the impact of which is required to be disclosed/ to be provided for in financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No. 85155

Place: Gurugram
Dated: 30th May 2018

Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the BriRoca Limited on the standalone financial statements for the period ended 31st March 2018, we report that:

(i) The Company does not have any fixed assets during the period. Accordingly, clause 3 (i) of the Order is not applicable.

(ii) As per the information and explanation given to us, the Company does not have any inventory during the period. Accordingly, clause 3 (ii) of the Order is not applicable.

(iii) According to the records and information and explanation made available to us, the Company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.

(v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, goods and service tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2018.

(b) According to the records and information & explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise and value added tax that have (also there was no delay in deposit and no outstanding as at 31st March 2018 for a period over 6 months) not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the period. The Company did not have any outstanding debentures during the period.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).



(x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid / provided for any managerial remuneration under the provisions of Section 197 of the Companies Act, 2013. Accordingly, clause 3(xi) of the Order is not applicable on the Company.

(xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.

(xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related parties transactions entered during the period, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no. 10)

(xiv) During the period, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K. Lodha)
Partner
Membership No.85155
Place: New Delhi
Dated:30th May 2018

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Brilliana Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance



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

Inherent Limitations of Internal Financial Controls Over Financial Reporting
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

(N.K.Lodha)
Partner
Membership No.085155

Place: New Delhi
Dated: 30th May 2018

Bellbuck Limited
Balance sheet as at 31 March 2018

Particulars		Note	(₹) As at 31 March 2018
	ASSETS		
1	Non-current assets		
	Total non-current assets		-
2	Current assets		
	(a) Financial assets		
	(i) Investments	2	8,56,866
	(ii) Cash and cash equivalents	3	68,603
	Total current assets		9,25,469
	Total assets		9,25,469
	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity share capital	4	10,00,000
	(b) Other equity		(1,21,831)
	Total equity		8,78,169
2	Liabilities		
	Non-current liabilities		
	Total non-current liabilities		-
	Current liabilities		
	(a) Financial liabilities		
	(i) Other financial liabilities	5	43,200
	(b) Other current liabilities	6	4,100
	Total current liabilities		47,300
	Total liabilities		47,300
	Total equity and liabilities		9,25,469

Notes 1 to 17 form an integral part of these financial statements.
In terms of our report attached

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30th May 2018

For and on behalf of the Board of Directors

Sanjib Sankhy
Director
DIN: 06953597

Director
DIN: 08960931

Srilloca Limited

Statement of profit and loss for the period ended 31 March 2018

(₹)

Particulars		Note	Period ended 31 March 2018
I	Revenue from operations		-
II	Other income	7	6,866
III	Total income		6,866
IV	Expenses		
	Other expenses	8	1,28,697
	Total expenses		1,28,697
V	Profit / (Loss) before exceptional items and tax		(1,21,831)
VI	Exceptional items		-
VII	Profit / (loss) before tax		(1,21,831)
VIII	Tax expense		
	(1) Current tax		
	(2) Deferred tax		-
	Total tax expense		-
IX	Profit / (loss) for the period		(1,21,831)
X	Other comprehensive income		
	(i) Items that will not be reclassified to profit or loss		
	(a) Remeasurements of the defined benefit plan		-
	(b) Changes in fair value of equity instruments through other comprehensive income		-
	(ii) Income-tax relating to these items		-
	Other comprehensive income, net of tax		-
XI	Total comprehensive income for the period		(1,21,831)
	Earnings per equity share (of ₹ 2/- each):		
	Basic and diluted		(0.24)

Notes 1 to 17 form an integral part of these financial statements.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 10th May 2018

Sanjiv Sinha
Director
DIN: 00053597

Dhirendra Lal Sukanta
Director
DIN: 00069031

Brillosa Limited
Cash flow statement for the period ended 31 March 2018

Particulars	(₹) Period ended 31 March 2018
Cash flows from operating activities	
Loss before tax	(1,21,831)
Adjustments for:	
Fair value gain on investments	(6,866)
	(1,28,697)
Movements in working capital:	
Increase in trade and other liabilities	47,300
	47,300
Cash generated from operations	(81,397)
Income taxes paid	-
Net cash generated by operating activities	(81,397)
Cash flows from investing activities	
Payments to acquire financial assets (investment in mutual funds)	(8,50,000)
Net cash (used in) investing activities	(8,50,000)
Cash flows from financing activities	
Proceed from capital issue (Equity Shares)	10,00,000
Net cash used in financing activities	10,00,000
Net increase in cash and cash equivalents	68,603
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	68,603

Notes 1 to 17 form an integral part of these standalone financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No: 301051E

N.K. Lodha
Partner
M. No. 85155
Place : Gurugram
Date : 30th May 2018

Sandip Somany
Director
DIN: 00053597

Director
DIN: 00060933

ShiMaa Limited

Statement of change in equity

a) Equity share capital

Particulars	As at 31 March 2018	
	No. of shares	(₹)
Authorised:		
Equity shares of ₹ 10 each	5,00,000	50,00,000
Issued		
Equity shares of ₹ 10 each	5,01,000	50,00,000
Subscribed and fully paid		
Equity shares of ₹ 10 each	5,01,000	50,00,000
	5,00,000	50,00,000

b) Other equity

(₹)

Particulars	Reserves and surplus	Total
	Retained earnings	
Loss for the period	(1,21,834.19)	(1,21,834.19)
Other comprehensive income for the period (net of income tax)	-	-
Total comprehensive income for the period	(1,21,834.19)	(1,21,834.19)
Balance as at 31 March 2018	(1,21,834.19)	(1,21,834.19)

Notes 1 to 17 are an integral part of these standalone financial statements.
In terms of our report attached

For Sudhir & Co
Chartered Accountants
Firm Registration No. 000703N

N.K. Sudhir
Partner
M. No. 85155
Place: Gurugram
Date : 30th May 2018

For and on behalf of the Board of Directors

Sandeep Sarhary
Director
DIN: 08165592

Director
DIN: 07668954

Note 16 : The Company was incorporated on 02nd November 2015. Accordingly, the current accounting period are prepared for a period from 02nd September 2017 to 31st March, 2018. Hence the comparable figures are not available.

Note 17 : Contingent Liability and other contingents

Nil

For and on behalf of the Board of Directors

For Lodha & Co
Chartered Accountants
Firm Registration No. 301051E

N.K. Lodha
Partner
M. No. 85165
Place : Kolkata
Date : 30th May 2018

Director
DIN: 00053591

Director
DIN: 00053631

SPA
INVESTMENT ADVISORS
www.spacapital.com

SPA Capital Services Ltd.
CIN: U65191DL1994PLC061746

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Email . info@spacapital.com

The Board of Directors, **Somany Home Innovation Limited** **2, Red Cross Place, Kolkata,** **West Bengal 700 001, India**	**The Board of Directors,** **Brilloca Limited** **2, Red Cross Place, Kolkata,** **West Bengal 700 001, India**

Sub: Certificate on adequacy and accuracy of disclosure of information pertaining to Somany Home Innovation Limited and Brilloca Limited in relation to proposed Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited

Dear Sirs,

We, SPA Capital Advisors Limited, refer to our engagement letter dated November 10, 2017 whereby HSIL Limited. ("**HSIL**" or "**Demerged Company**") has appointed us for the purpose of certifying the adequacy and accuracy of disclosure of information pertaining to Somany Home Innovation Limited ("**SHIL**") and Brilloca Limited ("**Brilloca**") pursuant to the proposed Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited pursuant to Section 230-232 of Companies Act, 2013.

Regulatory Requirement

SEBI vide its circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**SEBI Circular**") prescribed requirements to be filled by the listed entities when they propose a Scheme of Arrangement. The SEBI Circular, amongst other things, provide that in the event a listed entity enters into a Scheme of Arrangement with an unlisted entity, the listed entity shall disclose to its shareholders applicable information pertaining to the unlisted entity in the format specified for Abridged Prospectus as provided in Part D of schedule VIII of SEBI(ICDR) Regulations,2009.

Disclaimer and Limitation:

- This Certificate is a specific purpose certificate issued in terms of and in compliance with SEBI circular and hence it should not be used for any other purpose or transaction.
- This certificate contains the certification on adequacy and accuracy of disclosure of information pertaining to the unlisted entity viz., SHIL and Brilloca.
- This Certificate is issued on the basis of examination of Information and documents provided by HSIL, SHIL and Brilloca ("**All Entities**") and information which is available in the public domain and wherever required, the appropriate representation from All Entities has also been obtained.
- We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out here in this report.
- Our opinions should not be construed as us opining or certifying the compliance of the proposed Scheme of Arrangement with the provision of any law including companies, taxation, capital market, related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction.

SPA

www.spacapital.com

Certification:

We state and confirm as follows:

- We have examined various documents and other materials in connection with finalization of draft disclosure of information dated November 20, 2017, pertaining to SHIL and Brilloca ("**Abridged Prospectus**") which will be circulated to the members of All Entities at the time of seeking their consent to the proposed scheme of Arrangement between HSIL, SHIL and Brilloca as a part of explanatory statement to the notice.
- On the basis of such examination and the discussion with the management of SHIL and Brilloca, its directors, others officers and on independent verification of contents of Abridged Prospectus and other paper furnished to us , WE CONFIRM that:

1. The information contained in the Abridged Prospectus is in conformity with the relevant documents, materials and other papers related to SHIL and Brilloca.

2. The Abridged Prospectus contains applicable information pertaining to SHIL and Brilloca as required in terms of SEBI Circular which, in our view are fair, adequate and accurate to enable the members to make a well informed decision on the proposed Scheme of Arrangement.

Date – November 20, 2017

Place- New Delhi

For SPA Capital Advisors Limited

SPA Capital Advisors Limited New Delhi

Vivek Gautam
Associate Director

IN THE NATURE OF ABRIDGED PROSPECTUS/MEMORANDUM CONTAINING SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTION 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER (HEREINAFTER REFERRED TO AS THE "SCHEME")

This Document contains applicable information pertaining to Somany Home Innovation Limited, an unlisted entity involved in the proposed Composite Scheme of Arrangement ("Scheme") amongst HSIL Limited ("**Demerged Company**"), Somany Home Innovation Limited ("**SHIL**") and Brilloca Limited and their respective shareholders and creditors, in terms of the requirement specified in SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("**SEBI Circular**") read with the checklist issued by BSE Limited of the documents to be submitted along with an application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. Being a listed company, the Demerged Company is required to give the applicable information pertaining to Somany Home Innovation Limited (an unlisted company) in the format specified for an abridged prospectus as provided in Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

You may also download the Abridged Prospectus along with the Scheme as approved by the Board of Directors of HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and the Audit Committee of the Resulting Company vide their resolution dated 10th November, 2017 and copy of the Valuation report dated 8th November, 2017 issued by Santosh K Singh & Co., Chartered Accountants Fairness Report dated 9th November, 2017 issued by Finshore Management Services Limited, Merchant Banker from the websites of BSE Limited ("BSE") and NSE Limited ("NSE") where the equity shares issued pursuant to the Scheme are proposed to be listed. A copy of Abridged Prospectus shall be submitted to the Securities and Exchange Board of India ("SEBI").

SOMANY HOME INNOVATION LIMITED
Registered office: 2, Red Cross Place, Kolkata 700 001, West Bengal, India
Telephone:+91 3322487406; **Email:** ngoenka@hindware.co.in
CIN: U74999WB2017PLC222870
Contact person: Mr. Niranjan Kumar Goenka

PROMOTER

HSIL Limited

STATUTORY AUDITOR

Lodha& Co.
Chartered Accountants
12, Bhagat Singh Marg,
New Delhi110001
Telephone:01123710176

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PROMOTER OF SHIL

HSIL LIMITED ("HSIL")

HSIL Limitedis a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of the HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. HSIL was incorporated on February 8, 1960, under the name 'HindusthanTwyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware& Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware& Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009. The Corporate Identity Number of HSIL is L51439WB1960PLC024539.

The equity shares of HSIL are listed on BSE Limited and the National Stock Exchange of India Limited.

HSIL is *inter alia* engaged in the business of manufacturing, preparing, buying, selling, importing, exporting, trading and otherwise dealing in all kinds of building products (sanitaryware, faucets, tiles, other lifestyle products, UPVC and CPVC pipes, fittings, etc.), consumer products, glass packaging products, plastic packaging material, security caps and closures, wind power generation and retail business for home interior solutions.

Promoters/Promoter Group of HSIL

Sl. No.	Name of Promoter/Promoter Group	No. of Shares Held	Percentage of Shareholding
1.	Dr. Rajendra Kumar Somany	30,80,000	4.26
2.	Mr. SandipSomany	22,83,683	3.16
3.	Ms. SumitaSomany	1,61,000	0.22
4.	Ms. DivyaSomany	1,46,912	0.20
5.	Mr. ShashvatSomany	79,244	0.11
6.	Paco Exports Limited	2,12,80,000	29.43
7.	Soma Investments Limited	42,35,000	5.86
8.	New Delhi Industrial Promotors and Investors Limited	37,50,000	5.19
9.	Matterhorn Trust	100	0.00
	Total	**3,50,12,819**	**48.43**

Board of Directors and KMPs of HSIL

Sl. No.	Name of Director and KMP	Designation
1.	Dr. Rajendra Kumar Somany	Chairman and managing Director and KMP
2.	Mr. SandipSomany	Vice Chairman and managing Director and KMP
3.	Mrs. SumitaSomany	Non Executive Non Independent Director
4.	Mr. Ashok Jaipuria	Independent Director
5.	Mr. Vijay Kumar Bhandari	Independent Director

Somany Home Innovation Limited

6.	Mr. Girdhari Lal Sultania	Non Executive Non Independent Director
7.	Mr. Nand Gopal Khaitan	Independent Director
8.	Dr. Rainer S. Simon	Independent Director
9.	Mr. Salil Bhandari	Independent Director
10.	Mr Sandeep Sikka	Chief Financial Officer
11.	Ms Payal M Puri	Company Secretary

HSIL holds 5,00,000 Equity Shares of Somany Home Innovation Limited(including 6 Equity Shares through its nominees), constituting 100% of the total issued and paid up share capital of Somany Home Innovation Limited.

Financial Information of HSIL

Sl. No.	Particulars	2016-17
1.	Paid-up share capital	Rs. 1445.97 lakh (including Forfeited Share Capital amounting to Rs. 0.04 lakh).
2.	Turnover	Rs. 222980.24 lakh
3.	Profit/Loss after Tax	Rs. 10301.08 lakh
4.	Total comprehensive income after tax	Rs. 10554.69 lakh

Shareholding Pattern of HSIL as on September 30, 2017

Sl. No.	Name of Promoter	No. of Shares Held	Percentage of Shareholding
1.	Promoter and Promoter Group	3,50,12,819	48.43
2.	Public	3,72,83,576	51.57
	Total	**7,22,96,395**	**100**

List of top 5 largest listed group companies as per Part A, Schedule VIII, Regulation 2, Item (IX) (C) (2) of the SEBI (ICDR) Regulations, 2009

HSIL Limited(*For details of HSIL Limited, please refer to the Section titled 'Promoter of SHIL', above*)

BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY:

Somany Home Innovation Limited ("**SHIL**") is company incorporated on September 28, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of SHIL is U74999WB2017PLC222970. The registered office of SHIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India.

SHIL is authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances, and faucets including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials, and building chemicals and also products like fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic

wares, cement (ordinary white colouredportland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.).

At present, SHIL does not carry on any business activity. On coming into effect of the proposed Scheme, SHIL will engage in, and carry on, the business of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of HSIL.

BOARD OF DIRECTORS OF SHIL

Sl. No.	Name	Designation (independent / whole time / executive / nominee)	Experience (including current / past position held in other firms	Other Directorships
1.	Mr. SandipSomany (DIN : 00033597)	Director	Mr. SandipSomany holds a Graduate degree and a diploma in Ceramic Manufacturing technology from US. He has over 32 years of experience in the ceramics and glass industry.	**Public limited companies** (a) JK Paper Limited; (b) HSIL Limited; (c) PACO Exports Limited; (d) New Delhi Industrial Promotors and Investors Limited; and (e) Brilloca Limited **Private limited companies** (a) Somany Faucets and Showers Private limited; and (b) Grindlay Properties Private Limited. **Other firms** (a) All India Glass Mfrs'. Federation; and (b) Indian Council of Sanitaryware Manufactures.
2.	Mr. GirdhariLalSultania (DIN : 00060911)	Director	Mr. GirdhariLalSultania is a Chartered Account and a Company Secretary. He possesses vast knowledge and experience in the fields of financial restructurings, corporate laws and legal compliances.	**Public limited companies** (a) The United Provinces Sugar Company Limited; (b) Somany Ceramics Limited; (c) HSIL Limited; (d) Somany Global Limited; (e) PACO Exports Limited; (f) Ayusri Health

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Somany Home Innovation Limited

				Products Limited; (g) SR Continental Limited (h) AGI Glasspack Limited; and (i) Brilloca Limited **Private limited companies** (a) Anand Apartment Maintenance Private limited; (b) Adarsh Barter Private limited; (c) LNR Exports Private limited; (d) LNR Investments and Trades Private limited; (e) Textool Mercantile Private limited; (f) Scope Vinimoy Private Limited; (g) Pioneer Resins & Aromatics Private Limited; (h) Raipur Agrotech Private Limited, and (i) T K Ghosh Investment Private Limited;
3.	Mr. Niranjan Kumar Goenka (DIN : 00060664)	Director	Mr. Niranjan Kumar Goenka holds a graduate degree. He has over 27 years of experience in the field of finance and secretarial compliances.	**Public limited companies** (a) Schablona India Limited; (b) HSIL Associates Limited; (c) SarvottamVanijya Limited; (d) PACO Exports Limited; (e) Bhilwara Holdings Limited; (f) AGI Glasspack Limited; (g) Brilloca Limited **Private limited companies** (a) Hindware Home Retail Private

Home Innovation Limited Company

				Limited; (b) Blackberry Distributors Private Limited; (c) Textool Mercantile Private Limited; (d) Scope Vismoy Private Limited; (e) Pioneer Resins & Aromatics Private Limited; (f) Metallite Suppliers Private Limited; (g) Mango Tree Tours & Exhibitions Private Limited; (h) Raipur Agrotech Private Limited; (i) Stepping Stones Infocom Private Limited; (j) T K Ghosh Investment Private Limited.

SHAREHOLDING PATTERN AS OF [NOVEMBER 13, 2017]:

Sl. No.	Name of Shareholder	No. of Shares Held	Percentage of Shareholding
A.	Promoter and Promoter Group		
1.	HSIL Limited	4,99,994	100.00
2.	Mr. Niranjan Kumar Goenka*	1	0.00
3.	Mr. G.L. Sultania*	1	0.00
4.	Mr. Manoj Kumar Aggarwal*	1	0.00
5.	Mr. Ravi Kedia*	1	0.00
6.	Mr. Ajay Kumar Dokania*	1	0.00
7.	Dr. Rajendra Kumar Soamny*	1	0.00
B.	Public		
	-	-	-
	Total (A + B)	5,00,000	100.00

*Nominees of HSIL Limited.

AUDITED FINANCIALS

As Somany Home Innovation Limited has been incorporated recently, on September 28, 2017, there are no audited financials of the company available as on date.

INTERNAL RISK FACTORS

Somany Home Innovation Limited

1. The proposed Scheme is subject to the approval of shareholders and creditors of the respective companies, approval of the stock exchanges, SEBI and the National Company Law Tribunal. Non-receipt of approval from any of the aforementioned approvals will defeat the proposed demerger and the objects and benefits mentioned in the proposed Scheme will not be achieved.

2. Somany Home Innovation Limited, presently, does not carry on any business activity.

3. Somany Home Innovation Limited is presently an unlisted company and its equity shares are presently not available for trading on any stock exchange.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against and by Somany Home Innovation Limited and amount involved – **NIL**

B. Brief details of top 5 material outstanding litigations against Somany Home Innovation Limited and amount involved - **NIL**

C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoter / Group companies in last 5 financial years including outstanding action, if any – NIL

D. Brief details of outstanding criminal proceedings against Promoter - **NIL**

BRIEF DETAILS OF THE SCHEME

The composite scheme of arrangement ("**Scheme**") provides for the transfer and vesting of, (i) the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company to SHIL, a wholly owned subsidiary of the Demerged Company; and (ii) the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of SHIL, each as a going concern, pursuant to the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and provisions of other applicable laws.

The Appointed Date for the Scheme is April 1, 2018.

Upon the coming into effect of the Scheme and in consideration of, (i) the demerger of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company into SHIL, a wholly owned subsidiary of the Demerged Company; and (ii) the demerger of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of the SHIL, SHIL shall issue and allot to the shareholders of the Demerged Company, 1 equity share of Rs. 2 each of SHIL for every 1 equity share of Rs. 2 each of the Demerged Company.

The equity shares issued by SHIL pursuant to the Scheme are proposed to be listed on BSE Limited and the National Stock Exchange of India Limited.

The implementation of the Scheme will result in:

(a) creation of separate and distinct entities housing the demerged undertakings and remaining undertakings;

(b) optimal monetisation and development of each of the respective businesses, including by attracting focused investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;

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Somany Home Innovation Limited

(c) dedicated and specialised management focus on the specific needs of the respective businesses; and

(d) benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.

DECLARATION

We hereby declare that all relevant provisions of theSEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017("**SEBI Circular**") and Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009("**SEBI ICDR Regulations**") have been complied with and no statement made in this Document is contrary to the provisions of the SEBI Circular or the SEBI ICDR Regulations. We further certify that all statements in this Document are true and correct

For and on behalf of
Somany Home Innovation Limited

For Somany Home Innovation Limited,

Director

Name: Mr. Niranjan Kumar Goenka
Designation: Director

Place: Kolkata
Date: 17th November, 2017

IN THE NATURE OF ABRIDGED PROSPECTUS/MEMORANDUM CONTAINING SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTION 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER (HEREINAFTER REFERRED TO AS THE "SCHEME")

This Document contains applicable information pertaining to Brilloca Limited, an unlisted entity involved in the proposed Composite Scheme of Arrangement ("Scheme") amongst HSIL Limited ("Demerged Company"), Somany Home Innovation Limited ("SHIL") and Brilloca Limited and their respective shareholders and creditors, in terms of the requirement specified in SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("SEBI Circular") read with the checklist issued by BSE Limited of the documents to be submitted along with an application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Being a listed company, the Demerged Company is required to give the applicable information pertaining to Brilloca Limited(an unlisted company) in the format specified for an abridged prospectus as provided in Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

You may also download the Abridged Prospectus along with the Scheme as approved by the Board of Directors of HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and the Audit Committee of the Resulting Company vide their resolution dated 10th November, 2017 and copy of the Valuation report dated 8th November, 2017 issued by Santosh K Singh & Co., Chartered Accountants Fairness Report dated 9th November, 2017 issued by Finshore Management Services Limited, Merchant Banker from the websites of BSE Limited ("BSE") and NSE Limited ("NSE") where the equity shares issued pursuant to the Scheme are proposed to be listed. A copy of Abridged Prospectus shall be submitted to the Securities and Exchange Board of India ("SEBI").

BRILLOCA LIMITED
Registered office:2, Red Cross Place, Kolkata, West Bengal 700 001, India
Telephone: +91 33 2248 7406; Email: ngoenka@hindware.co.in
CIN: U74999WB2017PLC223307
Contact person: Mr. Niranjan Kumar Goenka
PROMOTER
Somany Home Innovation Limited
STATUTORY AUDITOR
Lodha& Co.
Chartered Accountants
12, Bhagat Singh Marg,
New Delhi 110 001
Telephone.01123710176

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PROMOTER OF BRILLOCA LIMITED

Somany Home Innovation Limited

Somany Home Innovation Limited ("SHIL")is a public limited company incorporated on September 28, 2017under the Companies Act, 2013, in the State of West Bengal.The Corporate Identity Number of SHIL is U74999WB2017PLC222970 and he registered office of SHIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. The issued, subscribed and paid-up share capital of SHILis Rs. 10,00,000, divided into 5,00,000 Equity Shares of Rs. 2 each.

SHILis authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.). At present, SHIL does not carry on any business activity. On coming into effect of the proposed Scheme, SHIL will engage in, and carry on, the business of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of HSIL .

Promoters of SHIL

Sl. No.	Name of Promoter	No. of Shares Held	Percentage of Shareholding
1.	HSIL Limited*	5,00,000	100
	Total	5,00,000	100

*6 of the Equity Shares are held by HSIL Limited though its nominees.

Board of Directors and KMPs of SHIL

Sl. No.	Name of Director and KMP	Designation
1.	Mr. GirdharLalSultania	Director
2.	Mr. Sandip Somany	Director
3.	Mr. Niranjan Kumar Goenka	Director

SHIL holds 5,00,000Equity Sharesof Brilloca Limited(including 6 Equity Shares through its nominees), constituting 100% of the totalissued and paid up share capital of Brilloca Limited.

List of top 5 largest listed group companies as per Part A, Schedule VIII, Regulation 2, Item (IX) (C) (2) of the SEBI (ICDR) Regulations, 2009

HSIL LIMITED ["HSIL"]

HSIL Limited is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of the HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. HSIL was incorporated on February 8, 1960, under the name 'Hindusthanl'wyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware& Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware& Industries Limited was

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further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2008. The Corporate Identity Number of HSIL is L51433WB1960PLC024639.

The equity shares of HSIL are listed on BSE Limited and the National Stock Exchange of India Limited.

HSIL is *inter alia* engaged in the business of manufacturing, preparing, buying, selling, importing, exporting, trading and otherwise dealing in all kinds of building products (sanitaryware, faucets, tiles, other lifestyle products, UPVC and CPVC pipes, fittings, etc.), consumer products, glass packaging products, plastic packaging material, security caps and closures, wind power generation and retail business for home interior solutions.

Promoters/Promoter Group of HSIL

Sl. No.	Name of Promoter/Promoter Group	No. of Shares Held	Percentage of Shareholding
2.	Dr. Rajendra Kumar Somany	30,80,000	4.26
3.	Mr. Sandip Somany	22,83,563	3.16
4.	Ms. SumitaSomany	1,61,000	0.22
5.	Ms. Divya Somany	1,46,912	0.20
6.	Mr. ShashvatSomany	76,244	0.11
7.	Paco Exports Limited	2,12,80,000	29.43
8.	Soma Investments Limited	42,35,000	5.86
9.	New Delhi Industrial Promotors and Investors Limited	37,50,000	5.19
10.	Matterhorn Trust	100	0.00
	Total	3,50,11,819	48.43

Board of Directors and KMPs of HSIL

Sl. No	Name of Director and KMP	Designation
1.	Dr. Rajendra Kumar Somany	Chairman and managing Director and KMP
2.	Mr. Sandip Somany	Vice Chairman and managing Director and KMP
3.	Mrs. SumitaSomany	Non Executive Non Independent Director
4.	Mr. Ashok Jaipuria	Independent Director
5.	Mr. Vijay Kumar Bhanderi	Independent Director
6.	Mr. GirdhariLalSultania	Non Executive Non Independent Director
7.	Mr. Nand Gopal Khaitan	Independent Director
8.	Dr. Rainer S. Simon	Independent Director
9.	Mr. Salil Bhandari	Independent Director
10.	Mr Sandeep Sikka	Chief Financial Officer
11.	Ms Payal M Puri	Company Secretary

HSIL holds 6,00,000 Equity Shares of Somany Home Innovation Limited (including 8 Equity Shares through its nominees), constituting 100% of the total issued and paid up share capital of Somany Home Innovation Limited.



Financial Information of HSIL

Sl. No.	Particulars	2016-17
1.	Paid-up share capital	Rs. 1446.97 lakh(including Forfeited Share Capital amounting to Rs. 0.04 lakh).
2.	Turnover	Rs. 222990.24 lakh
3.	Profit/Loss after Tax	Rs. 10301.06 lakh
4.	Total comprehensive income after tax	Rs. 10564.69 lakh

Shareholding Pattern of HSIL as on September 30, 2017

Sl. No.	Name of Promoter	No. of Shares Held	Percentage of Shareholding
1.	Promoter and Promoter Group	3,50,12,819	48.43
2.	Public	3,72,83,576	51.57
	Total	**7,22,96,395**	**100**

BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

Brilloca Limited is a company incorporated on November 2, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Brilloca Limited is U74999WB2017PLC223307. The registered office of Brilloca Limitedis situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India.

Brilloca Limitedis authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, producing, refining, buying, selling, processing, manufacturing and dealing in all kinds of building material products like sanitary ware (including sanitary ware made of plastic, fiber glass or any other synthetic product), earthonware, stoneware, glass, china, terracotta, porcelain products, bricks, tiles, pottery, pipes, insulators refractories of all description and or by-products, thereof and faucets including chromium-plated fittings, bath tubs and whirlpools, shower enclosures, home appliances, electrical products, decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured Portland alumina blast furnace, silica, etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

At present, Brilloca Limited does not carry on any business activity. On coming into effect of the proposed Scheme, Brilloca Limitedwill engage in, and carry on, the business of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of HSIL Limited.

BOARD OF DIRECTORS OF BRILLOCA LIMITED

Sl. No.	Name	Designation (Independent/ Whole-time/ Executive)	Experience including current/ past position held in other firms	Other Directorships

		nominee)		
1.	Mr. SandipSomany (DIN : 00053597)	Director	Mr. Sandip Somany holds a Graduate degree and a diploma in Ceramic Manufacturing technology from US. He has over 32 years of experience in the ceramics and glass industry.	**Public limited companies** (a) JK Paper Limited; (b) HSIL Limited; (c) PACO Exports Limited; (d) New Delhi Industrial Promotors and Investors Limited; and (e) Somany Home Innovation Limited. **Private limited companies** (a) Somany Faucets and Showers Private limited;and (b) Grindlay Properties Private Limited. **Other firms** (a) All India Glass Mnfr. Federation; and (b) Indian Council of Sanitaryware Manufacturers.
2.	Mr. GirdhariLalSultania (DIN : 00060931)	Director	Mr. Girdhari Lal Sultania is a Chartered Account and a Company Secretary. He possesses vast knowledge and experience in the fields of financial restructurings, corporate laws and legal compliances.	**Public limited companies** (a) The United Provinces Sugar Company Limited; (b) Somany Ceramics Limited; (c) HSIL Limited; (d) Somany Global Limited; (e) PACO Exports Limited; (f) Ayusri Health Products Limited; (g) SR Continental Limited; (h) AGI Glasspack Limited; and

				(f) Somany Home Innovation Limited. **Private limited companies** (a) Anand Apartment Maintenance Private limited; (b) Adarsh Bartar Private limited; (c) LNR Exports Private limited; (d) LNR Investments and Trades Private limited; (e) Textool Mercantile Private limited; (f) Scope Vinimoy Private Limited, (g) Pioneer Resins & Aromatics Private Limited; (h) Raipur Agrotech Private Limited; and (i) T K Ghosh Investment Private Limited
3.	Mr. Niranjan Kumar Goenka (DIN : 00060864)	Director	Mr. Niranjan Kumar Goenka holds a graduate degree. He has over 27 years of experience in the field of finance and secretarial compliances.	**Public limited companies** (a) Schablona India Limited; (b) HSIL Associates Limited; (c) SarvottamVanijya Limited; (d) PACO Exports Limited; (e) Bhilwara Holdings Limited; (f) AGI Glasspack Limited; (g) Somany Home Innovation Limited. **Private limited companies** (a) Hindware Home Retail Private Limited; (b) Blackberry Distributors Private Limited; (c) Textool Mercantile Private Limited; (d) Scope Vinimoy Private Limited;

				(e) Pioneer Resins & Aromatics Private Limited; (f) Metallite Suppliers Private Limited; (g) Mango Tree Tours & Exhibitions Private Limited; (h) Raipur Agrotech Private Limited; (i) Stepping Stones Infocom Private Limited; (j) T K Ghosh Investment Private Limited.

SHAREHOLDING PATTERN AS ONNovember 10, 2017

Sl. No.	Name of Shareholder	No. of Shares Held	Percentage of Shareholding
A. Promoter and Promoter Group			
1.	Somany Home Innovation Limited*	4,99,994	100.00
2.	Mr. Niranjan Kumar Goenka*	1	0.00
3.	Mr. G.L. Sultania*	1	0.00
4.	Mr. Manoj Kumar Aggarwal*	1	0.00
5.	Mr. Ravi Kedia*	1	0.00
6.	Mr. Ajay Kumar Dokania*	1	0.00
7.	Dr. Rajendra Kumar Somany*	1	0.00
B. Public			
	-	-	-
	Total (A + B)	5,00,000	100.00

*Nominees of HSIL Limited.

AUDITED FINANCIALS

AsBrilloca Limitedhas been incorporated recently, on November 2, 2017, there are no audited financials of the company availeble as on date.

INTERNAL RISK FACTORS

1. The proposed Scheme is subject to the approval of shareholders and creditors of the respective companies, approval of the stock exchanges, SEBI and the National Company Law Tribunal. Non-receipt of approval from any of the aforementioned approvals will defeat the proposed demerger and the objects and benefits mentioned in the proposed Scheme will not be achieved.

2. Brilloca Limited, presently, does not carry on any business activity.

3. Brilloca Limited is an unlisted company and its equity shares are not available for trading on any stock exchange. Further, Brilloca Limited will continue to remain an unlisted company even after the proposed Scheme becomes effective.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against and by Brilloca Limitedand amount involved – NIL

B. Brief details of top 5 material outstanding litigations against Brilloca Limited and amount involved – NIL

C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoter / Group companies in last 5 financial years including outstanding action, if any – NIL

D. Brief details of outstanding criminal proceedings against Promoter - NIL

BRIEF DETAILS OF THE SCHEME

The composite scheme of arrangement ("Scheme") provides for the transfer and vesting of, **(i)** the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company to SHIL, a wholly owned subsidiary of the Demerged Company; and **(ii)** the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of SHIL, each as a going concern, pursuant to the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and provisions of other applicable laws.

The Appointed Date for the Scheme is April 1, 2018 or such other date as the National Company Law Tribunal may direct.

Upon the coming into effect of the Scheme and in consideration of, **(i)** the demerger of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company into SHIL, a wholly owned subsidiary of the Demerged Company; and **(ii)** the demerger of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of SHIL, SHIL shall, on behalf of itself and Brilloca Limited, issue and allot to the shareholders of the Demerged Company, 1 equity share of Rs. 2 each of SHIL for every 1 equity share of Rs. 2 each of the Demerged Company.

The equity shares issued by SHIL pursuant to the Scheme are proposed to be listed on BSE Limited and the National Stock Exchange of India Limited.

The implementation of the Scheme will result in:

(a) creation of separate and distinct entities housing the demerged undertakings and remaining undertakings;

(b) optimal monetisation and development of each of the respective businesses, including by attracting focused investors and strategic partners having the necessary ability, experience and interests in the relevant sectors;

(c) dedicated and specialised management focus on the specific needs of the respective businesses; and

(d) benefit to all stakeholders, leading to growth and value creation in long run and maximising the value and return to the shareholders, unlocking intrinsic value of assets, achieving cost efficiencies and operational efficiencies.



DECLARATION

We hereby declare that all relevant provisions of the SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("**SEBI Circular**") and Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009("**SEBI ICDR Regulations**") have been complied with and no statement made in this Document is contrary to the provisions of the SEBI Circular or the SEBI ICDR Regulations. We further certify that all statements in this Document are true and correct.

For and on behalf of
Brillora Limited

For BRILLORA LIMITED

Authorised Signatory

Name: Mr. Lalit Kumar Goyal

Designation: Director

Place: Kolkata
Date: 17th November, 2017

Pre-Share holding as on 03.11.2017 and Post-Share holding as on 10.11.2017

		Transferor Company – M.S. Limited					Transferee Company – 1 (Subsidiary Metal Intermediates Limited)						Transferee Company – 2 (Brillcorp Limited)				
			Pre-arrangement		Post-arrangement			Pre-arrangement			Post-arrangement			Pre-arrangement		Post-arrangement	
Sr	Description	Name of Shareholder	No. of shares	%	No. of shares	%	Name of Shareholder	No. of shares	%	Name of Shareholder	No. of shares	%	Name of Shareholder	No. of shares	%	No. of shares	%
(A)	Shareholding of Promoter and Promoter Group																
1	Indian																
	Individuals/ Hindu Undivided Family	Names of Promoter					Names of Promoter			Names of Promoter			Names of Shareholder				
		PAVENDRA KUMAR SOMANY	3000000	6.2500	3000000	1.1200	SANJAY SOMANY	1	0.000002	RAJENDRA KUMAR SOMANY	3000000	4.3902	SANJAY SOMANY	1	0.000002	1	0.000002
		SANJAY SOMANY	2953565	6.1532	2953565	1.1026	ARANJAN KUMAR GOENKA	1	0.000002	SANJAY SOMANY	2953565	4.1526	NARAYAN KUMAR GOENKA	1	0.000002	1	0.000002
		SUNITA SOMANY	46500	0.2227	165000	0.2227	C.L. BAILDANIA	1	0.000002	SUNITA SOMANY	46500	0.2227	C.L. SULTANIA	1	0.000002	1	0.000002
		DIVYA SOMANY	54813	0.1252	54813	0.2002	AJAY KUMAR Jalan	1	0.000002	DIVYA SOMANY	54812	0.2552	AJAY KUMAR DORANIA	1	0.000002	1	0.000002
		PRASHANT SOMANY	78244	0.1788	78244	0.2756	SHARAD KUMAR AGARWAL	1	0.000002	PRASHANT SOMANY	78244	0.1052	MANOJ KUMAR AGARWAL	1	0.000002	1	0.000002
							RAVI KEDIA	1	0.000002				RAVI KEDIA	1	0.000002	1	0.000002
(B)	Central Government/ State Government(s)	Nil	0	0	0	0	Nil	0	0	Nil	0	0	Nil				
(C)	Bodies Corporate	Names					Names						Names				
		PADO EXPORTS LIMITED	21280000	39.4044	14200000	26.4044	PEL LIMITED	42560	99.9459	PADO EXPORTS LIMITED	21280000	39.4044	Somany Home Innovation Limited	449994	99.9987	449994	99.9987
		SOMA INVESTMENTS LTD	4235000	8.8578	4235000	5.8878		0	0	SOMA INVESTMENTS LTD	4235000	8.8578		0	0	0	0
		NEW DELHI INDUSTRIAL PROMOTORS AND INVESTORS LTD	4750000	9.927	4750000	3.787		0	0	NEW DELHI INDUSTRIAL PROMOTORS AND INVESTORS LTD	4750000	9.927		0	0	0	0
		MATTERHORN TRUST	100	0.0001	100	0.0001		0	0	RAJ MATTERHORN TRUST	100	0.0001		0	0	0	0
(D)	Financial Institutions/ Banks	0	0	0	0	0		0	0		0	0		0	0	0	0
(E)	Any Others	0	0	0	0	0		0	0		0	0		0	0	0	0
	Sub Total(A)(1)		33012813	68.4286	33012813	68.4286		50000	100		33012813	68.4286		500000	100	500000	100

BRILLCORP LIMITED

SOMANY HOME INNOVATION LIMITED

FOR SOMANY HOME INNOVATION LIMITED

COMPANY SECRETARY

Annexure - 17

(k)	Foreign																
(e)	Individuals (Non-Residents Individuals /Foreign Individuals)		0	0	0	0		0	0		0	0		0	0	0	0
(f)	Bodies Corporate		0	0	0	0		0	0		0	0		0	0	0	0
(g)	Institutions		0	0	0	0		0	0		0	0		0	0	0	0
(d)	Any Other		0	0	0	0		0	0		0	0		0	0	0	0
	Sub Total(A)(2)		0	0	0	0		0	0		0	0		0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		35018853	48.4286	3501Z841	48.4289		100000	100		35018853	48.4286		6000000	100	6000000	100
(B)	Public shareholder																
1	Institutions																
(a)	Mutual Funds/ UTI		9563520	25.0214	1162350	25.0214		0	0		1A1Z3520	25.0214		0	0	0	0
(b)	Financial Institutions/ Banks		249768	0.3451	248469	0.3451		0	0		249468	0.3451		0	0	0	0
(c)	Central Government/ State Government(s)		0	0	0	0		0	0		0	0		0	0	0	0
(d)	Venture Capital Funds		0	0	0	0		0	0		0	0		0	0	0	0
(e)	Insurance Companies		1000	0.0007	500	0.0007		0	0		1000	0.0007		0	0	0	0
(f)	Foreign Institutional Investors		0	0	0	0		0	0		0	0		0	0	0	0
(g)	Foreign Venture Capital Investors		0	0	0	0		0	0		0	0		0	0	0	0
(h)	Any Other							0	0					0	0	0	0
	Foreign Portfolio Investors		4572685	6.048	4373979	6.0430		0	0		4372679	6.0484		0	0	0	0
	Alternate Investment Funds		211251	0.2923	211251	0.2923		0	0		211251	0.2923		0	0	0	0
	Sub-Total (B)(1)		33557372	32.5037	29350368	32.3823		0	0		2239378	32.5037		0	0	0	0
2	Non-institutions																

For HSIL LIMITED

COMPANY SECRETARY

(c)	Bodies Corporate		1078814	2.7351	1097805	2.7832		0	0		1097805	2.7832					
(d)	Individuals													0	0	0	0
i	Individuals -i. Individual shareholders holding nominal share capital up to Rs.2 lakh		9027026	13.1897	2410589	-3.0184		0	0		9410589	13.0768		0	0	0	0
ii	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.		922258	1.349	922258	-1.3489		0	0		922258	1.34989		0	0	0	0
(e)	Any Other							0	0					0	0	0	0
	NBFCs registered with RBI		165833	0.2529	165562	-0.2514		0	0		165562	0.2518		0	0	0	0
	Clearing Member		120681	0.1779	224934	0.3162		0	0		224934	0.3102		0	0	0	0
	Non Resident Indians (NRI)		1310401	1.9743	1208147	-1.6864		0	0		1208147	1.6696		0	0	0	0
	Trusts		5100	0.0035	4000	0.0056		0	0		2500	0.0039		0	0	0	0
	HUF-Karta (HUF)		1292624	1.9827	1354517	-1.8834					1365277	1.8815		0	0	0	0
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)		35283378	51.5744	37203376	51.5704		0	0		37203376	51.5704		0	0	0	0
	TOTAL (A)+(B)		74287195	100	72254035	100		500000	100		72254035	100		500000	100	500000	100
(C)	Shares held by Custodians and against which DRs have been issued		0	0	0	0		0	0		0	0		0	0	0	0
	GRAND TOTAL (A)+(B)+(C)		74287195	100	72254035	100		500000	100		72254035	100		500000	100	500000	100

Notes:

* Promoter of HSIL Limited

** Promoter of Somany Home Innovation Limited

For HSIL LIMITED

COMPANY SECRETARY

Accounting Treatment

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 2371 0176 / 2371 0177 / 23394671 / 2414
Fax : 91 11 23346165 / 23314500
E-mail : delhi@lodhaco.com

To,
The Board of Directors,
HSIL Limited
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

We, the statutory auditors of HSIL Limited, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in Part D Clause 10.1 of the Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Somany Home Innovation Limited ("Resulting Company 1") and Bellbca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Accounting Treatment as contained in the Draft Scheme complies with the applicable Indian Accounting Standards and The Generally Accepted Accounting Principles in India . Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised), issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in Part D Clause 10.1 of the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), the Generally Accepted Accounting Principles in India.

(Relevant pages of the Draft Scheme is enclosed duly initialed).

This Certificate is issued at the request of the Company pursuant to the requirements of provisions of section 230 of The Companies Act 2013 for onward submission to the Stock Exchange, National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of

Companies], or any other regulatory authorities in relation to this Draft Scheme. This Certificate should not be used for any other purpose without our prior written consent.

This Certificate should be read together with the statement attached herewith (Annexure).

For LODHA & CO
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

Annexure to Certificate on proposed accounting treatment of Composite Scheme of Arrangement

To,
The Board of Directors,
HSIL Limited
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

1. This annexure is issued in accordance with the terms of our engagement dated 10th November, 2017 and is forming an integral part of the Auditors' Certificate dated 10th November , 2017.

2. The Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Simany Home Innovation Limited, ("Resulting Company 1") and Brilloca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), and the Generally Accepted Accounting Principles in India.

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India , is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Pursuant to the requirements of provisions of section 230 of The Companies Act 2013, our responsibility is to express reasonable assurance to the regarding matters:

   a. whether the accounting treatment contained in the Draft Scheme complies with the applicable IND AS and the Generally Accepted Accounting Principles in India.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. Our examination did not extend to any aspects of a legal or propriety nature covered in the Draft Scheme.

8. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:

   (i) Read the Draft Scheme and the proposed accounting treatment specified therein.
   (ii) Noted that the accounting treatment contained in the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS).

Restriction on Use

The Certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of Companies Act, 2013 for onward submission to the Stock Exchange National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For LODHA & Co.
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

reduction under the provisions of Section 66 of the Companies Act, 2013 as well and no further compliances would be separately required.

9.3.3 Resulting Company 1 shall not be required to add the words "and reduced" as suffix to its name consequent upon the reduction of capital under Paragraph 9.3.2 above.

9.3.4 The reduction of capital of Resulting Company 1, as above, does not involve any diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.

9.4 The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new shareholders in Resulting Company 1, on account of the difficulties, if any, in the transition period.

9.5 Further, approval of this Scheme by the shareholders of Resulting Company 1 shall also be deemed to be the approval by the shareholders for enabling investment by foreign institutional investors / registered foreign portfolio investors, under the Portfolio Investment Scheme up to 49% of the paid up share capital of Resulting Company 1. Resulting Company 1 shall, upon the coming into effect of the Scheme, intimate the RBI and comply with such other requirements as mandated by the extant foreign exchange regulations relating thereto.

9.6 Listing of New Equity Shares

9.6.1 Post effectiveness of this Scheme, the share capital of Resulting Company 1, including the New Equity Shares to be issued and allotted by Resulting Company 1 in terms of Paragraph 9.2 above shall be listed and shall be admitted for trading on the Stock Exchanges by virtue of this Scheme and in accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017. Resulting Company 1 shall make all requisite applications and shall otherwise comply with the provisions of the aforesaid circulars and Applicable Laws and take all steps to get its share capital including the New Equity Shares issued by it in pursuance to this Scheme listed on the Stock Exchanges.

9.6.2 The New Equity Shares issued and allotted pursuant to this Scheme shall remain frozen in the depositories system until listing and trading permission is granted by the relevant designated Stock Exchange for their listing and trading. Post the issuance of the New Equity Shares by Resulting Company 1 in terms of Paragraph 9.2 of this Scheme, there shall be no change in the share capital of Resulting Company 1, including the New Equity Shares, or 'Control' in Resulting Company 1 between Record Date and the date of listing of the equity shares of Resulting Company 1, which may affect the status of the approval granted by the Stock Exchanges, and any other governmental authority in this regard.

10. ACCOUNTING TREATMENT

10.1 Accounting treatment in the books of account of the Demerged Company

10.1.1 The Board of Directors of the Demerged Company shall give effect to the Scheme in the books of account of the Demerged Company, as they deem fit, in accordance with the applicable Indian Accounting Standards and Generally Acceptable Accounting Principles.

10.1.2 The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of, (i) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:

(a) The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company.

(b) Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.

(c) Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.

(d) The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.

(e) The excess, if any, of Paragraphs 10.1.2(b) and 10.1.2(c) above, over Paragraphs 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.

(f) The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:

(i) Capital Reserve Account;

(ii) Securities Premium Account; and

(iii) General Reserves.

10.1.3 The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment in the securities premium account, as may be applicable.

10.2 **Accounting treatment in the books of Resulting Company 1**

10.2.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:

(a) The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be

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Chartered Accountants

14, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 2371 0176 / 2371 0177 / 23364871 / 2414
Fax : 91 11 23345163 / 23314309
E-mail : delhi@lodhaco.com

To,
The Board of Directors,
Somany Home Innovation Limited.
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

We, the statutory auditors of Somany Home Innovation Limited , (hereinafter referred to as 'the Company'), have examined the proposed accounting treatment specified in Part D Clause 10.2 of the Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Somany Home Innovation Limited ("Resulting Company 1") and Brillloca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Accounting Treatment as contained in the Draft Scheme complies with the applicable Indian Accounting Standards and The Generally Accepted Accounting Principles in India. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised), issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in Part D Clause 10.2 of the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), the Generally Accepted Accounting Principles in India.

[Relevant pages of the Draft Scheme is enclosed duly initialed].

This Certificate is issued at the request of the Company pursuant to the requirements of provisions of section 230 of The Companies Act 2013 for onward submission to the National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any

other regulatory authorities in relation to this Draft Scheme. This certificate should not be used for any other purpose without our prior written consent.

This Certificate should be read together with the statement attached herewith (Annexure).

For LODHA & CO
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

Annexure to Certificate on proposed accounting treatment of Composite Scheme of Arrangement

To,
The Board of Directors,
Sunray Home Innovation Limited.
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

1. This annexure is issued in accordance with the terms of our engagement dated 10th November, 2017 and is forming an integral part of the Auditors' Certificate dated 10th November , 2017.

2. The Draft Composite Scheme of Arrangement amongst JISL Limited ("the Demerged Company") and Sunray Home Innovation Limited. ("Resulting Company 1") and Brilliant Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015. and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), and the Generally Accepted Accounting Principles in India .

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India , is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Pursuant to the requirements of provisions of section 230 of The Companies Act 2013, our responsibility is to express reasonable assurance to the reporting criteria:

   a. whether the accounting treatment contained in the Draft Scheme complies with the applicable IND AS and the Generally Accepted Accounting Principles in India.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. Our examination did not extend to any aspects of a legal or propriety nature covered in the Draft Scheme.

8. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:

   (I) Read the Draft Scheme and the proposed accounting treatment specified therein.
   (II) Noted that the accounting treatment contained in the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS).

Restriction on Use

This Certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of Companies Act ,2013 for onward submission to the National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For LODHA & CO.
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

10.1.2 The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of: (a) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:

(a) The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company,

(b) Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.

(c) Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.

(d) The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.

(e) The excess, if any, of Paragraphs 10.1.2(b) and 10.1.2(c) above, over Paragraphs 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.

(f) The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:

(i) Capital Reserve Account;

(ii) Securities Premium Account; and

(iii) General Reserve.

10.1.3 The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2 Accounting treatment in the books of Resulting Company 1

10.2.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:

(a) The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be

reflected at their carrying amounts.

(b) Resulting Company 1 shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Demerged Company under Paragraph 9.2 of the Scheme.

(c) Resulting Company 1 shall record the Reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(d) The existing share capital of Resulting Company 1 shall be cancelled in accordance with Paragraph 9.3 of the Scheme.

(e) The difference, if any, from the accounting under the Paragraphs above, shall be recorded as capital reserve in the books of Resulting Company 1.

(f) Negative capital reserve, if any, created pursuant to Paragraphs above, shall be adjusted against the existing reserves of Resulting Company 1, in the manner as decided by its Board of Directors, in consultation with its Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.2.2 The existing shareholding of the Demerged Company in Resulting Company 1 shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. Face value of the equity shares so cancelled, shall be credited to the capital reserve account of Resulting Company 1.

10.2.3 The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2.4 The Board of Directors of Resulting Company 1 shall give effect to the Scheme in the books of account of Resulting Company 1, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

10.3 Accounting treatment in the books of Resulting Company 2

10.3.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall account for the demerger of the BPDM Undertaking, pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 2:

(a) The assets and liabilities of the BPDM Undertaking shall be reflected at their carrying

LODHA
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Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
Fax : 91 11 23364668 / 23314309
E-mail : delhi@lodhaco.com

To,
The Board of Directors,
Brillloca Limited
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

We, the statutory auditors of Brillloca Limited, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in Part B Clause 10.3 of the Draft Composite Scheme of Arrangement amongst IISIL Limited ("the Demerged Company") and Somany Home Innovation Limited ("Resulting Company 1") and Brillloca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Accounting Treatment as contained in the Draft Scheme complies with the applicable Indian Accounting Standards and the Generally Accepted Accounting Principles in India. Nothing contained in this Certificate, nor anything said or done in the course of or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised), issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in Part B Clause 10.3 of the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), the Generally Accepted Accounting Principles in India.

[Relevant pages of the Draft Scheme is enclosed duly initialed].

This Certificate is issued at the request of the Company pursuant to the requirements of provisions of section 230 of the Companies Act 2013 for onward submission to the National Company Law

Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. This Certificate should not be used for any other purpose without our prior written consent.

This Certificate should be read together with the statement attached herewith (Annexure).

For LODHA & CO
Chartered Accountants
Firm Registration No : 301051E

(GAURAV LODHA)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

Annexure to Certificate on proposed accounting treatment of Composite Scheme of Arrangement

To,
The Board of Directors,
Brillica Limited,
2, Red Cross Place,
Kolkata,
West Bengal 700 001, India.

1. This annexure is issued in accordance with the terms of our engagement dated 10th November, 2017 and is forming an integral part of the Auditors' Certificate dated 10th November, 2017.

2. The Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Somany Home Innovation Limited. ("Resulting Company 1") and Brillica Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), and the Generally Accepted Accounting Principles in India.

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India, is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Pursuant to the requirements of provisions of section 230 of The Companies Act 2013, our responsibility is to express reasonable assurance to the reporting criteria:

   a. whether the accounting treatment contained in the Draft Scheme complies with the applicable IND AS and the Generally Accepted Accounting Principles in India.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.



6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. Our examination did not extend to any aspects of a legal or propriety nature covered in the Draft Scheme.

8. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:

   (i) Read the Draft Scheme and the proposed accounting treatment specified therein.
   (ii) Noted that the accounting treatment contained in the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS).

Restriction on Use

The Certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of Companies Act ,2013 for onward submission to the National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For LODHA & CO.
Chartered Accountants
Firm Registration No: 301051E

(GAURAV LODHA)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

reflected at their carrying amounts.

(b) Resulting Company 1 shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Demerged Company under Paragraph 9.2 of the Scheme.

(c) Resulting Company 1 shall record the Reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(d) The existing share capital of Resulting Company 1 shall be cancelled in accordance with Paragraph 9.3 of the Scheme.

(e) The difference, if any, from the accounting under the Paragraphs above, shall be recorded as capital reserve in the books of Resulting Company 1.

(f) Negative capital reserve, if any, created pursuant to Paragraphs above, shall be adjusted against the existing reserves of Resulting Company 1, in the manner as decided by its Board of Directors, in consultation with its Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.2.2 The existing shareholding of the Demerged Company in Resulting Company 1 shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 66 of the Companies Act, 2013, and any other applicable provisions of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Companies Act, 2013 will not be applicable. Face value of the equity shares so cancelled, shall be credited to the capital reserve account of Resulting Company 1.

10.2.3 The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2.4 The Board of Directors of Resulting Company 1 shall give effect to the Scheme in the books of account of Resulting Company 1, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

10.3 **Accounting treatment in the books of Resulting Company 2**

10.3.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 2 shall account for the demerger of the BPDM Undertaking, pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 – 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 2:

(a) The assets and liabilities of the BPDM Undertaking shall be reflected at their carrying

amounts.

(b) Resulting Company 2 shall record the reserves, as determined by the Board of Directors of the Demerged Company, in its financial statements.

(c) The difference, if any, from the accounting under the Paragraphs 10.3.1(a) and (b) above shall be recorded as capital reserve.

(d) Negative capital reserve, if any, created pursuant to the Paragraphs 10.3.1(a) and (b) above, shall be adjusted against the existing reserves of Resulting Company 2, in the manner as decided by its Board of Directors, in consultation with the Statutory Auditors, in accordance with the prescribed Accounting Standards issued by the Central Government and the Generally Accepted Accounting Principles.

10.3.2 The reduction, if any, under Paragraph 10.3.1(d) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.3.3 The Board of Directors of Resulting Company 2 shall give effect to the Scheme in the books of account of Resulting Company 2, as they deem fit, in accordance with the applicable accounting standards and Generally Acceptable Accounting Principles.

11. REMAINING UNDERTAKING

11.1 The Remaining Undertaking and all the Assets, properties, rights, liabilities and obligations thereto shall continue to belong to and be vested in and be managed by the Demerged Company and Resulting Company 1 and Resulting Company 2 shall have no right, claim or obligation in relation to the Remaining Undertaking. From the Appointed Date, the Demerged Company shall carry on the activities and operations of the Remaining Undertaking distinctly and as a separate business from the CPDM Undertaking, the Retail Undertaking and the BPDM Undertaking.

11.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking shall be continued and enforced by or against the Demerged Company after the Effective Date. Resulting Company 1 and Resulting Company 2 shall in no event be responsible or liable in relation to any such legal or other proceeding against the Demerged Company.

11.3 With effect from the Appointed Date and up to, including and beyond the Effective Date, the Demerged Company:

(a) shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Undertaking for and on its own behalf; and

(b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of the Demerged Company.





BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AT KOLKATA
COMPANY APPLICATION (CAA) No. - 649 / KB OF 2018
(under Sections 230-232 of the Companies Act, 2013)
IN THE MATTER OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

AND

IN THE MATTER OF:

HSIL Limited, a company incorporated under the Companies Act, 1956 having its registered office at 2, Red Cross Place, Kolkata - 700001

...Applicant Company 1/ Transferor Company

AND

SOMANY HOME INNOVATION Limited, a company incorporated under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001

...Applicant Company 2 / Transferee Company 1

AND

BRILLOCA Limited, a company incorporated under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata - 700 001

...Applicant Company 3 / Transferee Company 2

FORM OF PROXY

CIN:	L51433WB1960PLC024539
Name of the Company:	HSIL Limited
Registered Office:	2, Red Cross Place, Kolkata - 700001

Name of Unsecured Creditors :.....
Registered Address.....
Email ID:.....

I/ We, the undersigned, as an unsecured creditors of HSIL Limited ("Transferor Company"), hereby appoint:

i. Name:.....
Address:.....
Email ID:..... or failing him/her

ii. Name:.....
Address:.....
Email ID:..... or failing him/her

iii. Name:.....
Address:.....
Email ID:.....

as my/ our proxy, to act for me/ us at the meeting of the unsecured creditors of the Transferor Company to be held at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata - 700 001 on Saturday, the 29th day of September, 2018 at 1:30 P.M., for the purpose of considering and, if thought fit, approving, with or without modification(s), the composite scheme of arrangement between the Transferor Company, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 ("**Scheme**") and at such meeting and at an adjournment or adjournments thereof, to vote, for me/ us and in my/ our name(s) _____ [here, 'if for', insert '**FOR**'; 'if against' insert '**AGAINST**', and in the latter case, strike out the words below after 'the said Scheme'] the said Scheme as my/our proxy.

Dated this _____ day of _____, 2018

Affix Re 1/- Revenue

_____
Signature of unsecured creditors

_____ _____ _____
Signature of first Proxy Holder | Signature of second Proxy Holder | Signature of third Proxy Holder

NOTES:

1. The Form of Proxy in order to be effective should be in the prescribed form, duly completed and signed or authenticated by the concerned person and deposited at the registered office of the Transferor Company at 2, Red Cross Place, Kolkata - 700001, **not later than 48 hours** before the scheduled time of the meeting.
2. In case of multiple proxies, proxy later in time shall be accepted.
3. Please affix a revenue stamp of Re. 1/- before signing across the same.
4. All alterations made in the Form of Proxy should be initialed.
5. Only an unsecured creditor of the Transferor Company is entitled to attend and vote at the Tribunal convened meeting of the unsecured creditors of the Transferor Company ("Meeting"), either in person or by proxy or through an authorized representative (in case the unsecured creditor is a body corporate), as the case may be. Where a body corporate which is an unsecured creditor authorises any person to act as its representative at the Meeting, a copy of the resolution of the board of directors or other governing body of such body corporate authorising such person to act as its representative at the Meeting, and certified to be a true copy by a director, the manager, the secretary, or other authorised officer of such body corporate shall be lodged with the Transferor Company at its registered office not later than 48 hours before the scheduled time of the Meeting.
6. Such unsecured creditor is entitled to appoint a proxy to attend and vote at the Meeting instead and on behalf of such unsecured creditor and such proxy need not be an unsecured creditor. Proxies to be valid and effective should be in the prescribed Form of Proxy, duly completed and signed or authenticated by the concerned person and should be deposited at the registered office of the Transferor Company not later than 48 hours before the scheduled time of the Meeting.
7. An unsecured creditor/ its proxy, attending the Meeting, is requested to bring the Attendance Slip duly completed, signed or authenticated by the concerned person along with a copy of the deposited Form of Proxy (in case of a proxy).
8. An unsecured creditor (in case such unsecured creditor is an individual) or the authorized representative of the unsecured creditor (in case such unsecured creditor is a body corporate) or the proxy should carry their valid and legible identity proof (i.e. a PAN Card/ Aadhaar Card/ Passport/ Driving License /Voter ID Card). Additionally, an unsecured creditor (in case such unsecured creditor is a sole proprietorship) or the proxy should carry a valid document evidencing the individual as the proprietor of the sole proprietorship.

HSIL LIMITED

CIN : L51433WB1960PLC024539
Registered Office : 2, Red Cross Place, Kolkata, West Bengal - 700 001, India
Tel. No. : 91-33-2248 7407 / 5668
E-mail : hsilinvestors@hindware.co.in, Website : www.hindwarehomes.com

ATTENDANCE SLIP

MEETING OF THE UNSECURED CREDITORS OF HSIL LIMITED ON SATURDAY, SEPTEMBER 29, 2018 AT 1:30 P.M.

I hereby record my presence at the meeting of the unsecured creditors of HSIL Limited, convened pursuant to the order dated August 2, 2018 and as amended on August 16, 2018 by the Hon'ble Bench of the National Company Law Tribunal at Kolkata in Company Application (CAA) No. 649 / KB of 2018, at Somany Conference Hall of Merchants' Chamber of Commerce & Industry, 15B, Hemant Basu Sarani, 2nd Floor, Kolkata - 700 001 on Saturday, the 29th day of September, 2018 at 1:30 P.M.

Name of the Unsecured Creditors : .....

Signature of the Unsecured Creditors : .....

OR

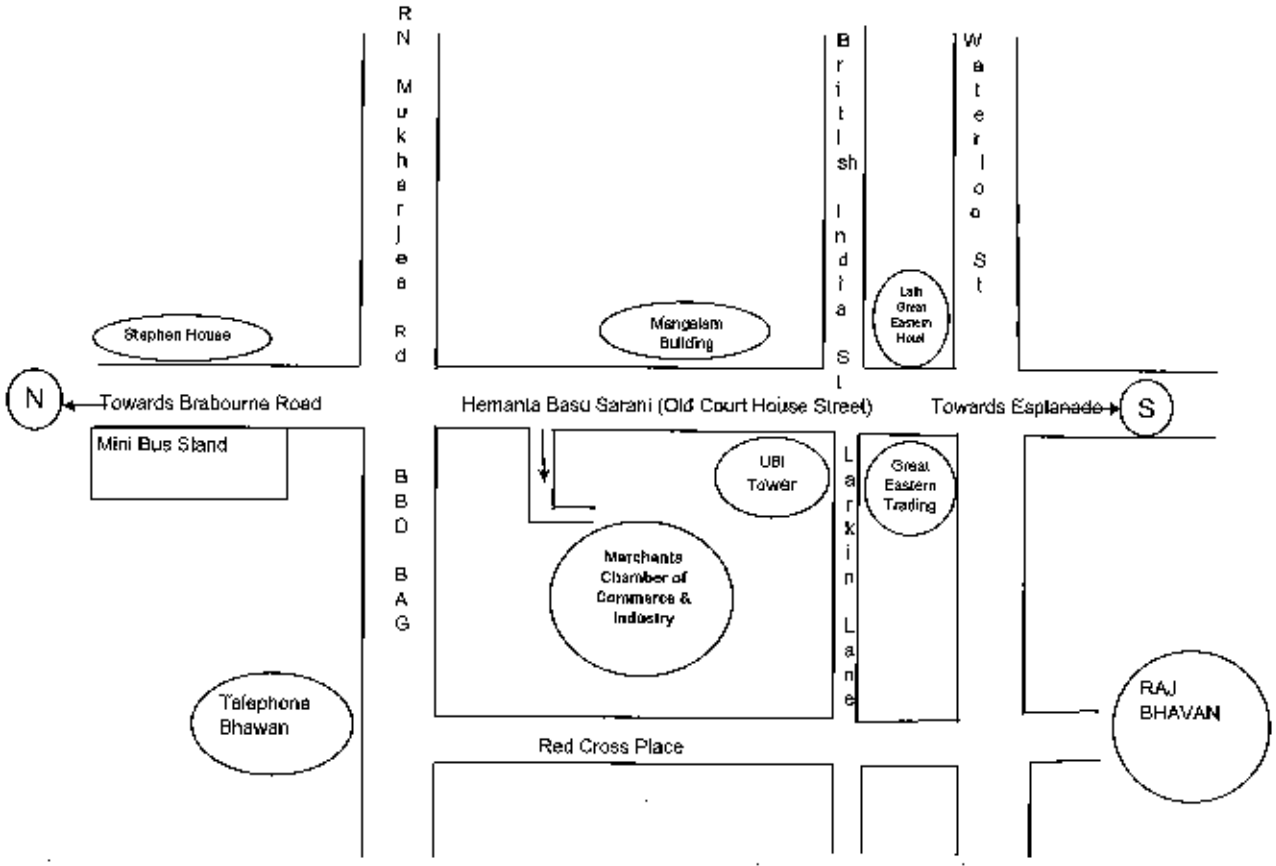
Name of the Proxy Holder : .....

Signature of the Proxy Holder : .....

NOTES:

1. Unsecured Creditors/ authorized representatives or their proxies attending the meeting must bring this attendance slip to the meeting and hand over the same at the entrance of the meeting venue after completing and signing the same.
2. Unsecured Creditors/ authorized representatives or their proxies desiring to attend the meeting should bring his/ her copy of the notice for reference at the meeting.

ROUTE MAP OF THE VENUE OF NCLT CONVEYED MEETING



HSIL LIMITED

Registered Office : 2, Red Cross Place, Kolkata - 700 001
Phone : 91-33-2248 7407 / 5668
E-mail : hsilinvestors@hindware.co.in
Website : www.hindwarehomes.com
CIN : L51433WB1960PLC024539

POSTAL BALLOT FORM
Unsecured Creditors

1. Name(s) & Address of Unsecured Creditors of HSIL Limited

2. Principal Amount due as on July 31, 2018 :

I/We hereby exercise my/our vote in respect of the following Resolutions to be passed through Postal Ballot, for the business stated in the Notice dated August 17, 2018 of the meetings of the unsecured Creditors of HSIL Limited by conveying my/our assent or dissent to the said Resolution by placing tick (") mark in the appropriate box below:

Description of Resolution	I / We assent to the Resolutions (FOR)	I/We Dissent to the Resolutions (AGAINST)
Approval for the proposed composite scheme of arrangement between HSIL Limited, the **Transferor Company,** Somany Home Innovation Limited, **Transferee 1** and Brilloca Limited, **Transferee 2** and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 and other matters incidental thereto.		

Place :

Date :

Signature of the Unsecured Creditors

Note :

1. Last date for receipt of Postal Ballot Forms by Scrutinizer is Friday, September 28, 2018 at 5:00 P.M (IST).

2. Please read the instructions printed overleaf carefully before exercising your vote.

INSTRUCTIONS

1. The Kolkata Bench of the Hon'ble National Company Law Tribunal ('NCLT'), vide Order dated August 2, 2018 and as amended on August 16, 2018 has directed that a Meeting of the Unsecured Creditors of the Applicants Company be convened and held at Somany Conference Hall of, Merchants' Chamber of Commerce & Industry, 15-B, Hemanta BasuSarani, Kolkata - 700 001, on Saturday, September 29, 2018 at 1-30 P.M. for the purpose of considering and if thought fit, approving, with or without modification(s), the Composite Scheme of Arrangement of **HSIL Limited, the Transferor Company, Somany Home Innovation Limited, Transferee 1 and Brilloca Limited, Transferee 2** and their respective shareholders and creditors under Section 230 to 232 and other applicable provisions of the Companies Act, 2013.

2. Pursuant to Sections 230 to 232 and Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, assent or dissent of the Unsecured Creditors in respect of the resolution detailed in the Notice dated August 17, 2018 is being additionally sought through Postal Ballot process.

3. The voting period for Postal Ballot shall commence on and from Thursday, August 30, 2018 at 9-00 a.m. and ends on Friday, September 28, 2018 at 5-00 p.m. IST.

4. An Unsecured Creditor desiring to exercise vote by Postal Ballot Form is requested to carefully read these instructions and return the duly completed form in the attached self-addressed postage pre-paid business reply envelope, so as to reach the Scrutinizer Ms. ArtiVyas, Practicing Company Secretary, on or before 5-00 p.m. on Friday, September 28, 2018. Unsecured creditors from whom no Postal Ballot Form in received or received after the aforesaid stipulated date shall not be counted for voting on the resolution.

5. Please convey your assent in column "FOR" or dissent in the column "AGAINST" by placing a tick (?) mark in the appropriate column in the Postal Ballot Form only. The assent or dissent received in any other form or manner shall be considered as invalid.

6. The voting right will be in proportion to the principal amount due in the name of the respective Unsecured Creditor as on Tuesday, July 31, 2018, being the cut-off date.

7. Voting by Postal Ballot can be exercised only by the Unsecured Creditor or his/her duly constituted attorney or, in case of bodies corporate, the duly authorized person. Voting rights in a Postal Ballot cannot be exercised by a Proxy. Unsecured Creditors can opt only one mode for voting i.e., Postal Ballot Form or Poll exercised at the Meeting.

8. Unsecured Creditors who have cast their votes by Postal Ballot can also attend the Meeting.

9. The self-attested envelope bears the name and address of the Scrutinizer appointed by the Chairperson as per the directions of NCLT.

10. In case the Unsecured Creditor is an entity, the duly completed Postal Ballot Form should be accompanied by a certified copy of the Board Resolution/Authority and preferably with attested specimen signature(s) of the duly authorized signatory(ies) giving requisite authority to the person voting on the Postal Ballot Form.

11. Unsecured Creditors are requested not to send any paper (other than the resolution/authority/POA) along with the Postal Ballot Form in the enclosed self-addressed postage pre-paid business reply envelope as all such envelopes will be sent to the Scrutinizer and if any extraneous paper is found in such envelope the same would not be considered and would be destroyed by the Scrutinizer.

12. An incomplete, unsigned, incorrectly completed, incorrectly ticked, defaced, torn, mutilated, overwritten, wrongly signed Postal Ballot Form will be rejected.

13. The proposed Scheme of Arrangement, if assented by majority of Unsecured Creditors representing three-fourth in value of those Unsecured Creditors who have voted either by Postal Ballot or voting by Poll at the Meeting, shall be considered as passed on the date of the Meeting i.e., Saturday, September 29, 2018. The result of the voting on the resolution will be declared on or before Monday, October 01, 2018.

14. The Scrutiniser's decision on the validity of the Postal Ballot Form shall be final.

15. Any query in relation to the resolution may be sent to hsilinvestors@hindware.co.in