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SOMANY

To
National Stock Exchange of India Limited
Exchange plaza, 5th Floor,
Bandra-Kurla Complex,
Bandra (E), Mumbai-400 051

Bombay Stock Exchange Limited
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers, Dalal Street, Fort,
Mumbai-400 001

Dear Sir/Madam,

This is in reference to the disclosure made by us on 26th October, 2016 regarding approval of the board of directors for investment upto 51% in the issued and paid up share capital of M/s. Sudha Ceramics Private Limited for setting up a greenfield project for manufacturing of vitrified tiles in the State of Andhra Pradesh and your emails seeking certain clarifications on the said disclosure. The said disclosure was made pursuant to Regulation 30 of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ["**LODR**"].

In this regard, please find below the detailed reply to the clarifications sought by you in your respective emails:

S. No.	Clarifications sought	Our reply
1.	Name of the target entity, details in brief such as size, turnover etc;	**Name of the target entity**: M/s. Sudha Ceramics Private Limited ("**SCPL**") [CIN: U26960AP2015PTC097828] **Date of incorporation**: 02nd December, 2015 **Registered office**: D NO. 19-1-422/A, G Ragampeta, Peddapuram, Guntur, Andhra Pradesh, 533437. **Main object**: The main object of SCPL includes manufacture, produce and deal in all shapes, sizes, varieties, specifications, descriptions, applications and use of tiles, including, *inter alia*, vitrified tiles. **Turnover**: SCPL has yet to commence its business and hence, the turnover of SCPL as on date is NIL. **Authorised and paid up share capital**: Authorised share capital: INR 10,00,000 divided into 1,00,000 shares of INR 10 each Paid up share capital: INR 1,00,000 divided into 10,000 shares of INR 10 each

2.	Whether the acquisition would fall within related party transactions and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arm's length";	The acquisition would not fall under the related party transactions as defined under regulation 2(1)(zc) of LODR. Further, the promoter/promoter group/ group companies of Somany Ceramics Limited have no interest in the SCPL.
3.	Industry to which the entity being acquired belongs;	The business of SCPL belongs to the industry of manufacturing refractory ceramic products i.e. tiles and it falls under NIC code 23913.
4.	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);	The target company i.e. SCPL is in the same line of business of as Somany Ceramics Limited. The object of the acquisition is to set up a greenfield project in collaboration with the promoters of SCPL in the state of Andhra Pradesh for the manufacturing of vitrified tiles. The effect of this acquisition will be that this facility being set up by the target SCPL will give a manufacturing base to Somany Ceramics Limited in southern part of the country.
5.	Brief details of any governmental or regulatory approvals required for the acquisition;	The acquisition in the shares of SCPL does not require any governmental and regulatory approvals.
6.	Indicative time period for completion of the acquisition;	The indicative time period for completion of acquisition of 50% of share capital of SCPL is up to November, 2016. For rest 1% shares of SCPL, the parties have not yet entered into a definitive arrangement.
7.	Cost of acquisition or the price at which the shares are acquired;	The shares of SCPL shall be acquired at a face value of INR 10/- per share.
8.	Nature of consideration - whether cash consideration or share swap and details of the same;	Somany Ceramics Limited has already acquired 10% of issued and paid up share capital of SCPL equivalent to 1000 equity shares for a cash consideration of Rs. 10 per share totalling to Rs. 10,000. The remaining shares shall also be acquired against cash consideration.

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9.	Percentage of shareholding / control acquired and / or number of shares acquired;	As on date, Somany Ceramics Limited holds 10% of issued and paid up share capital of SCPL amounting to Rs.10,000/- (Rupees Ten Thousand Only) equivalent to 1000 equity shares at the rate of INR 10 per share. Further, upon acquisition of 50% of issued and paid up share capital of SCPL, Somany Ceramics Limited shall have equal representation on the board of SCPL.
10.	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief).	SCPL was incorporated on 2nd December, 2015 with the main object of manufacturing and dealing in all types of tiles, including, vitrified tiles. The object of the acquisition is to set up a greenfield project in collaboration with the promoters of SCPL in the state of Andhra Pradesh for the manufacturing of vitrified tiles. The proposed capacity, cost of th project, means of finance etc. are yet to be finalised. Further, SCPL has no presence in any other country apart from India. Also, the turnover of SCPL is NIL as on date as it has not yet commenced its commercial operations.

It is further submitted that we had inadvertently omitted to incude the aforesaid details while making the disclosure as required under Regulation 30 of LODR. We ensure that necessary caution shall be exercised in future to ensure that all the provision of Regulation 30 of LODR and other applicable laws are adhered to by us.

Thanking you,

Yours faithfully,

For Somany Ceramics Limited

Ambrish Julka
Company Secretary

SOMANY CERAMICS LIMITED
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Corporate Identity Number (CIN) : L40200DL1968PLC005169