

November 10, 2017

The Listing Department  
**BSE Limited**  
P.J. Towers, Dalal Street  
Mumbai 400 001

**The National Stock Exchange of India Limited**  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block,  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai 400 051

Dear Sirs,

**Sub: Outcome of Board Meeting held on November 10, 2017.**

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("**LODR Regulations**"), read with SEBI Circular No. CIR/CFD/CMD/4/2015, dated September 09, 2015 ("**SEBI Circular**"), this is to inform you that the Board of Directors of HSIL Limited ("**Company**"), at its meeting held today, i.e., November 10, 2017, has *inter alia* transacted the following business:

**Approval for a Composite Scheme of Arrangement:** The Board of Directors of the Company, in its meeting held today, considered and approved a composite scheme of arrangement under Sections 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 and the provisions of other applicable laws, amongst the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company ("**Resulting Company 1**") and Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("**Resulting Company 2**") and their respective shareholders and creditors ("**Scheme**").

The Scheme provides for the demerger of, (i) the Consumer Products Distribution and Marketing Undertaking ("**CPDM Undertaking**") and Retail Undertaking of the Company into Resulting Company 1, and (ii) the Building Products Distribution and Marketing Undertaking ("**BPDM Undertaking**") of the Company into Resulting Company 2. The Appointed Date for the Scheme is April 1, 2018 or such other date as directed by the Kolkata Bench of the National Company Law Tribunal ("**NCLT**").

The Scheme is subject to the approval of BSE Limited, the National Stock Exchange of India Limited, SEBI, shareholders and creditors of the company and such other statutory authorities as may be required and sanction thereof by the NCLT.

The proposed Scheme has also been reviewed and recommended for approval by the Audit Committee of the Board of Directors of the Company, at its meeting held on 10<sup>th</sup> November, 2017.

Enclosed, as **Annexure 1**, is the relevant information in relation to the Scheme.

For **HSIL Limited**

  
(Payal M. Puri)  
Company Secretary  
Name:  
Address:  
Membership No.

Payal M. Puri  
301-302, 3<sup>rd</sup> Floor, Park Centra, Sector 30, Gurugram  
16068

Encl. as above

## HSIL Limited

(An ISO 9001 14001 OHSAS 18001 Certified Company)

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## ANNEXURE 1

Disclosure of information pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015, dated September 09, 2015

### 1. Brief details of the divisions to be demerged:

- 1.1 The proposed composite scheme of arrangement ("**Scheme**") involves the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company ("**Resulting Company 1**") and Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("**Resulting Company 2**").
- 1.2 The 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. ("**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. ("**CPDM Undertaking**");
  - (c) retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc. ("**Retail Undertaking**");
  - (d) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc.;
  - (e) manufacturing of certain specified consumer products like water heaters;
  - (f) manufacturing and supply of packaging products like glass bottles, PET bottles, security caps and closures; and
  - (g) wind power generation.

The Scheme provides for the demerger of, **(a)** the CPDM Undertaking and Retail Undertaking of the Company into Resulting Company 1, and **(b)** the BPDM Undertaking of the Company into Resulting Company 2, each as a going concern, along with their respective employees, properties, assets and liabilities, on and with effect from the Appointed Date, i.e. April 1, 2018 or such other date as directed by the Kolkata Bench of the National Company Law Tribunal ("**NCLT**"). The CPDM Undertaking, Retail Undertaking and BPDM Undertaking shall be collectively referred to as the "**Demerged Undertakings**".

2. **Turnover of the demerged divisions and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year:**

For HSIL LIMITED



Company Secretary

Sl. No.	Demerged Division	Turnover of demerged division in FY 2016-17 (Rs. in crores)	Percentage to the total turnover of the Company in FY 2016-17*
1.	CPDM Undertaking	126.56	5.00%
2.	Retail Undertaking	95.82	3.79%
3.	BPDM Undertaking	1037.28	40.99%

\* The appointed date of the Scheme is April 1, 2018 or such other date as directed by the Kolkata Bench of the National Company Law Tribunal ("NCLT"). The figures stated above have been arrived at based on the figures extracted from the audited financial statement of the company as at March 31, 2017 and are based on certain assumptions/estimation as considered necessary.

### 3. Rationale for Demergers

- 3.1 The Company has various businesses which have been nurtured over a period of time and are currently at different stages of growth. The Demerged Undertakings and the remaining undertakings of the Company 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.
- 3.2 The Scheme will enable each of the respective Demerged Undertakings and the remaining undertakings of the Company 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.
- 3.3 The implementation of the proposed Scheme will result in:
- creation of separate and distinct entities housing the Demerged Undertakings and the remaining undertakings of the Company;
  - 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;
  - 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 assets, achieving cost efficiencies and operational efficiencies.

For HSIL LIMITED

  
Company Secretary

4. **Brief details of change in shareholding pattern (if any) of all entities:**

- 4.1 There will be no change in the shareholding pattern of the Company pursuant to the proposed Scheme as no shares are proposed to be issued by the Company in terms of the proposed Scheme.
- 4.2 There will be no change in the shareholding pattern of Resulting Company 2 pursuant to the proposed Scheme. Resulting Company 2 will continue to be a wholly owned subsidiary of Resulting Company 1 post the scheme becoming effective as well.
- 4.3 As a result of the proposed Scheme, Resulting Company 1 will, on behalf of itself and its wholly owned subsidiary, Resulting Company 2, issue and allot equity shares, without receipt of any cash, to the shareholders of the Company on the record date, in the ratio of 1 (one) equity share of Rs. 2 of Resulting Company 1 for every 1 (one) equity share of Rs. 2 of the Company.
- 4.4 As on date, Resulting Company 1 is a wholly owned subsidiary of the Company and the entire paid up equity share capital of Resulting Company 1 is held by the Company.
- 4.5 Upon the proposed Scheme becoming effective, the existing paid up equity share capital of Resulting Company 1 held by the Company shall stand cancelled.
- 4.6 In terms of the Scheme and consequent upon the demerger of the (a) CPDM Undertaking and Retail Undertaking into Resulting Company 1, and (b) BPDM Undertaking into Resulting Company 2, the shareholding of Resulting Company 1 will mirror the shareholding of the Company as on the record date and thus the overall economic interest of the shareholders of the Company shall remain the same.

5. **In case of cash consideration – amount or otherwise share exchange ratio:**

- 5.1 The Scheme does not involve the payment of any cash consideration.
- 5.2 In terms of the share entitlement ratio set out in the Scheme, in consideration for the demerger of (a) the CPDM Undertaking and Retail Undertaking into Resulting Company 1, and (b) BPDM Undertaking into Resulting Company 2, Resulting Company 1 shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of the Company as on the record date, 1 (one) equity share of Rs. 2 of Resulting Company 1 for every 1 (one) equity share of Rs. 2 of the Company.
- 5.3 Santosh K Singh & Co., Chartered Accountants, have issued a report on the share entitlement ratio set out in the Scheme. Finshore Management Services Limited, Category-I Merchant Banker, has provided the fairness opinion on the said share entitlement ratio. The aforesaid reports on the share entitlement ratio and fairness opinion have been duly considered by the Board of Directors of the Company.

6. **Whether listing would be sought for the resulting entities:**

As proposed in the Scheme, Resulting Company 1 will apply for listing of its equity shares on BSE Limited and the National Stock Exchange of India Limited, post sanction of the Scheme by the Kolkata Bench of the Hon'ble National Company Law Tribunal and in compliance with SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 and relevant regulations issued by SEBI in this regard. Resulting Company 2 will remain unlisted.

For HSIL LIMITED  
  
Company Secretary