

NEAPS/BSE ONLINE

Date: 27.06.2019

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

Sub: Update on the Scheme of Arrangement between HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and their Respective Shareholders and Creditors

Dear Sir / Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to inform you that the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench, *vide* its order dated June 26, 2019 ("Order"), has sanctioned the scheme of arrangement between HSIL Limited (Transferor Company), Somany Home Innovation Limited (Transferee Company 1) and Brilloca Limited (Transferee Company 2) (collectively, "Companies") and their respective shareholders and creditors under Section 230 to 232 of the Companies Act, 2013 (the "Scheme").

The certified copy of the Order is awaited.

Copy of the Order, as available on the NCLT website, is enclosed herewith.

The Order directs the Companies to file the schedule of assets with the Hon'ble NCLT within 6 weeks from the date of the Order.

The Scheme has been sanctioned by the Hon'ble NCLT with effect from the Appointed Date, i.e. April 1, 2018 and shall become effective on the last of the dates on which the certified copy of the Order of the Hon'ble NCLT is filed with the Registrar of Companies, West Bengal, by each of the Companies. The effective date will be communicated to the Stock Exchanges for further public dissemination as and when the Scheme becomes effective.

Kindly take the above information on record.

For **HSIL Limited**


(Sandeep Sikka)

Chief Financial Officer

Name: Sandeep Sikka

Address: 301-302, 3rd Floor, Park Centra, Sector-30, NH-8, Gurugram-122001

HSIL Limited

(An ISO 9001 14001 OHSAS 18001 Certified Company)

Corporate Office: 301-302, IIIrd Floor Park Centra, Sector-30, NH-8, Gurgaon, Haryana - 122 001. T+91-124-4779200, F +91-124-4292898/99

Registered Office: 2, Red Cross Place, Kolkata, West Bengal - 700 001. T +91-33-22487407/5668

NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH
KOLKATA
CP (CAA) No. 1597/KB/2018
CONNECTED WITH
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;
... Petitioner 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;
... Petitioner Company no. 2/ First Transferee Company

And

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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;

... Petitioner 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

.... Petitioners

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

Shri Harish Chander Suri, Member(Technical)

For the Petitioners :

Mr. Ratnanko Banerjee, Sr. Advocate
Mrs. Manju Bhuteria, Advocate
Mr. Pradeep Kr.Jewrajka, Advocate
Ms. Pooja Jewrajka, Advocate

The Assistant Director, Office of the Regional Director, Eastern Region, Ministry of Corporate Affairs

Date of pronouncement of the Order : 26-06-2019

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ORDER

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

1. It is submitted in this Petition that object of this Petition is to obtain sanction of this Tribunal to the proposed Scheme of Arrangement, between HSIL Limited, Petitioner No. 1, the Transferor Company, Somany Home Innovation Limited, Petitioner No. 2, the First Transferee Company and Brilloca Limited, Petitioner No. 3, the Second Transferee Company and their respective shareholders and creditors, whereby and whereunder all the assets and liabilities pertaining to the CPDM Undertaking and the Retail Undertaking of Petitioner No. 1 shall be demerged and transferred to and be vested in Petitioner No. 2 and all the assets and liabilities pertaining to the BPDM Undertaking of Petitioner No.1 shall be demerged and transferred to and be vested in Petitioner No. 3 on the terms and conditions fully stated in the Scheme of Arrangement, a copy whereof is annexed as **ANNEXURE-A** to this petition.

2. After hearing Counsel for the Petitioners, this Tribunal, by an order dated 10-12-2018, in the Petition bearing CP (CAA) NO. 1597/KB/2018, connected with CA(CAA) No. 649/KB/2018, had directed publication to be effected of the hearing of the Petition, issuance of the notices of this Petition to the statutory authorities mentioned in the said order, for their objections, if any.

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3. In compliance with the order dated 10-12-2018, passed in CP (CAA) NO. 1597/KB/2018, connected with CA(CAA) No. 649/KB/2018, the Petitioner Companies have filed affidavit of service duly affirmed on 7th January, 2019, evidencing publication of notice in the newspapers and service upon the Central Government, Statutory Authorities.

4. The Regional Director, Eastern Region, Ministry of Corporate Affairs has filed his report vide affidavit affirmed on January 24, 2019, as below :

"2(a) On examination of the report dated 3.12.2018 of the ROC, West Bengal, it appears that no complaint and/or representation has been received against the resulting companies regarding the proposed of Scheme of Arrangement. However, in the said report, the O/o. ROC, WB has also reported that the complaint against the demerged company has been received and the same is under examination.

(b) That the Scheme is a composite scheme encompassing several arrangements i.e. two separate demergers. According to the provisions of section 232 (1) of the Companies Act, 2013 Hon'ble Tribunal may order a meeting of the creditors or class of creditors or the members or the class of members on an application made before the Hon'ble Tribunal for sanctioning of a compromise or an arrangement proposed between a company and any such persons as are mentioned in section 230. Therefore an application can cover one

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arrangement at a time. In view of the clear language in section 232 the scope of the scheme is restricted a single arrangement only and not beyond. Furthermore, in sub-section (1), subsection (3), sub-section (5) of section 230 of the Act, Rule 6(3) of the Companies (Arrangements and Amalgamations) Rules, 2016 reference is made over to a compromise or an arrangement only. Moreover, in the notice required to be given for the meeting of the Creditors and Members pursuant to Rule 7 of the Companies (Arrangements and Amalgamations) Rules, 2016 in form CAA2, a statutory format mandating no deviation therefrom. The notice can be given for a compromise arrangement only not more than that. Consequently a scheme can cover only one compromise or arrangement. Therefore the scheme is not according to the Companies Act, 2013.

(c) Clause 9.2.4 of the Scheme is not commensurate with the provision of section 230(10) of the Companies Act, since nothing has been stated that in what manner the provision of section 68 of the Act is complied with in respect of the payment of money to shareholders of the Transferor companies against the fractional share entitlements.

(d) Central Government on 10th September, 2018 notified Companies(Prospectus and Allotment of Securities) Third Amendment Rules, 2018 which is applicable from 2nd October, 2018. Rule 9A thereof provides that every unlisted public company shall issue the securities only in

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dematerialized form. Clause 9.2.7 of the Scheme is contrary to the said Rule as it enables the transferee company to issue shares in physical form. Hence the Scheme is defective."

5. The petitioners vide an affidavit affirmed on February 1, 2019 has replied to the affidavit of the Regional Director, Eastern Region, Ministry of Corporate Affairs as follows :

"3. With reference to paragraph 2(a) of the said affidavit, I say that the same are matters of record. I further say that it has been stated in the said affidavit that a complaint received against the Demerged Company is under examination. However, such examination, if necessary, may be continued by the authorities concerned even after sanction of the proposed Scheme as the Demerged Company shall continue to be in existence after the proposed Scheme of Arrangement is sanctioned.

4. With reference to paragraph 2(b) of the said affidavit, I say that the said objection made out in the said paragraph is out of context and irrelevant. The proposed Scheme is squarely covered and contemplated by the Act and is in accordance therewith. Such Schemes are clearly contemplated and provided for under the provisions of the Companies Act, 2013 and must necessarily be so in the context of Schemes entailing amalgamation or demerger or otherwise involving two or more Companies. Further such composite Schemes of Arrangement are in fact encouraged by legislation and judicial

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precedents for avoiding multiple and cumbersome applications and procedures and facilitating a single window clearance to such Schemes. This principle is also enshrined in the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. Rule 3(2) of the said Rules provides that "Where more than one company is involved in a Scheme in relation to which an application under sub Rule (1) is being filed, such application may, at the discretion of such companies be filed as a joint application."

In view of the above, the objections raised by the Regional Director, Eastern Region, Ministry of Corporate Affairs, Kolkata are not relevant for the purpose of sanction of the proposed Scheme.

5. With reference to paragraph 2 (c) of the said affidavit, the petitioners state and submit that the share exchange ratio is stated in the Scheme as 1:1 and the petitioners will be issuing shares in the said ratio 1:1. The petitioners will not issue any fractional shares.

6. With reference to paragraph 2 (d) of the said affidavit, I say that as already stated in Clause 9.2.7 of the Scheme, the shares shall be issued in dematerialized form. The petitioners further undertake by way of this Affidavit to issue shares only in dematerialized form."

6. The Regional Director, Eastern Region, Ministry of Corporate Affairs, vide his affidavit affirmed on May 6, 2109 has submitted reply to the affidavit affirmed on February 01, 2019 by the Petitioners, as below :

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"2(a) The Petitioner Companies submitted that they have obtained the Valuation Report from M/s. Santosh K Singh, Chartered Accountants on 08-11-2017 in respect of its proposed demerger under the said Scheme of Arrangement which was considered and acted upon the same by the Board of Directors at their meeting held on 10-11-2017. Thereafter, the Petitioner Company submitted an Application along with necessary documents and aforesaid Valuation Report to the National Stock Exchange of India Limited and BSE Limited. Upon scrutiny of said documents and Valuation Report, the BSE Limited raised a query on 07-12-2017 that Valuation Report is required to be submitted as per format of SEBI and accordingly, the Petitioner Company obtained revised Valuation Report from the said Chartered Accountant i.e. M/s. Santosh K Singh, Chartered Accountants on 11-12-2017 in the format of SEBI without any change in the Share Exchange Ratio and/or any other Valuations made in the said previous Valuation Report. Further, the Board of Directors in their meeting held on 10-11-2017 authorized some of the Directors and Executives of the company to take all steps as are necessary for taking approval and implementation of the proposed Scheme of Arrangement including providing information/clarification to the concerned Authority(ies) and accordingly, the revised Valuation Report dated 11-12-2017 was obtained by the Company in the revised format provided by BSE Limited without any change in the Share Exchange Ratio and/or any other valuation under the Scheme. Therefore, Hon'ble Tribunal may kindly decide the matter as deem fit and proper.

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7. The Petitioners vide affidavit affirmed on June 6, 2019, have stated as below :

"3. With reference to paragraph 2(a) of the said affidavit, I say that the petitioner companies obtained the valuation report dated 08-11-2017 from M/s. Santosh K Singh, Chartered Accountants in respect of the proposed Scheme of Arrangement and submitted the same to the National Stock Exchange and BSE Limited. Upon raising a query by the BSE Limited, that the said valuation report would be required in the format of SEBI, the petitioner companies obtained revised valuation report dated 11-12-2017 from M/s. Santosh K Singh, Chartered Accountants in the format of SEBI without any change in the share exchange ratio or without making any other change in any other valuation. The said revised valuation report dated 11-12-2017 was also filed before this Hon'ble Tribunal at the first instance along with the application praying for convening meetings of the equity shareholders, secured and unsecured creditors of the petitioner no.1. Thus the said revised valuation report is in the record of the Hon'ble Tribunal.

4. The aforesaid query was raised by the office of Regional Director and the same has been duly replied to by the petitioner no. 1. A copy of the said reply dated March 25, 2019 along with the query raised by the office of Regional Director are annexed hereto and collectively marked as 'A'.

5. I respectfully submit before this Hon'ble Tribunal that the proposed Scheme of Arrangement in respect of the petitioner companies, as filed before this Hon'ble Tribunal be confirmed, sanctioned and approved by this Hon'ble Tribunal."

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8. Heard the arguments of Ld. Senior Counsel appearing for the Petitioner Companies, the Assistant Director, Office of the Regional Director, Eastern Region, Ministry of Corporate Affairs and after going through the documents available on record and recording the reply affidavit as answers to objections of the Regional Director, being satisfied that no further objections raised on the side of the Regional Director, the following orders in terms of prayers made by the Petitioner Companies are passed by this Tribunal :

- a) That the Scheme of Arrangement is sanctioned by this Tribunal with effect from the Appointed Date, i.e. April 1, 2018 so as to be binding on all the Shareholders, Creditors and all other persons concerned with the Petitioners and on the Petitioners.
- b) The properties, assets, rights and claims whatsoever of the
(i) CPDM Undertaking (defined in the Scheme) and the Retail Undertaking (defined in the Scheme) shall stand demerged from the Transferor Company and shall stand transferred, as a going concern, to the First Transferee Company; and (ii) that of the BPDM Undertaking (defined in the Scheme) shall stand demerged from the Transferor Company and shall stand transferred, as a going concern, to the Second Transferee Company; on the terms and conditions stated in the Scheme of Arrangement as and from April 1, 2018, without any further act or deed pursuant to the Companies Act, 2013.
- c) Leave is granted to the petitioners to file the Schedule of Assets within six weeks from the date of this order.

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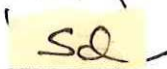
d) The Petitioners, within 30 days after the date of this order, cause a certified copy of this order to be delivered to the Registrar of Companies, West Bengal for registration.

e) Any person interested shall be at liberty to apply to this Tribunal for any direction that may be necessary.

9. In the event, the petitioners supply a legible computerized print out of the Scheme of Arrangement and the Schedule of Assets in acceptable form to the department, the department will append such computerized print out upon verification, to the certified copy of the order without insisting on a hand written copy thereof.

10. Accordingly, CP (CAA) No. 1597/KB/2018, connected with CA (CAA) No. 649/KB/2018, stands disposed of.

11. Urgent Photostat certified copy of this order, if applied for, be supplied to the parties, subject to compliance with all requisite formalities.


(Harish Chander Suri)
Member(Technical)


(Jinan K.R.)
Member(Judicial)