

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 BL 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.*



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

To,

The Vice President
Listing Department
The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051]

NSE Symbol: HSIL

Sub: Application under Regulation 37 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 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, Brilloca Limited and their respective Shareholders and Creditors.

Dear Sir/ Madam,

We refer to our letter dated 10th November, 2017 informing you about the decision of the Board of Directors of the Company approving 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, Brilloca Limited and their respective Shareholders and Creditors.

In continuation of the aforesaid, we are now applying under Regulation 37 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Enclosed is the checklist duly filed in together with the enclosures required thereto.


We would like to inform you that, National Stock Exchange of India Ltd. has been appointed as designated stock exchange.

Please find enclosed herewith the demand draft bearing number 930432 dated 23 November 2017 amounting to Rs. 216,000 (processing fee plus GST as applicable) after deducting TDS drawn on Standard Chartered Bank favoring the National Stock Exchange of India Limited

We will be pleased to provide any clarification as you may require in this regard. We request you to kindly grant your approval to the Scheme at your earliest convenience.

Thanking you,

For HSIL Limited



Payal M Puri
(Company Secretary)

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 +91-33-22487406/07, F +91-33-22487045

marketing@hindware.co.in | www.hindwarehomes.com | CIN No. - L51433WB1960PLC024539



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**COMPOSITE SCHEME OF ARRANGEMENT
BETWEEN
HSIL LIMITED,
SOMANY HOME INNOVATION LIMITED, BRILLOCA LIMITED AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS ("SCHEME")**

Documents required to be submitted for approval under Regulation 37 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 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, Brilloca Limited and their respective Shareholders and Creditors.

Sr. No.	List of Documents/ details to be submitted	Yes/No/Not Applicable	Annexure
1.	Draft Scheme of arrangement/ amalgamation/ merger/ reconstruction/ reduction of capital, etc	Yes	I
2.	Valuation Report as per Para I(A)(4) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017	Yes	II
3	Report from the Audit Committee recommending the Draft Scheme, taking into consideration, inter alia, the Valuation Report.	Yes	III
4.	Fairness opinion by merchant banker on valuation of assets / shares done by the valuer for the listed entity and unlisted company	Yes	IV
5.	Shareholding pattern in accordance with Regulation 31 (1) of the SEBI (LODR) Regulations, 2015 - for pre and post scheme of arrangement of the Companies.	Yes	V
6.	Audited financials of last 3 years (financials not being more than 6 months old) of unlisted company as per Annexure I of the NSE checklist.	Yes	VI
7.	Auditor's Certificate as per Para 1(A)(5) of Annexure-I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017	Yes	VII
8.	Detailed Compliance Report as per the format specified in Annexure IV of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 duly certified by the Company Secretary, Chief Financial	Yes	VIII

For HSIL LIMITED



Company Secretary

	Officer and the Managing Director, confirming compliance with various regulatory requirements specified for schemes of arrangement and all accounting standards		
9.	Document required to submit wherein approval of shareholders to Scheme through postal ballot and e-voting (Para 1(A)(9)(a) of Annexure-I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017) is not applicable:		
	a) An undertaking certified by the auditor clearly stating the reasons for non-applicability of Para 9 (a).	Yes	IX
	b) Certified copy of Board of Director's resolution approving the aforesaid auditor certificate.	Yes	X
10.	Pricing certificate from the Statutory Auditor/ PCA / PCS of the listed company as per Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, if the allotment of shares is proposed to be made to a selected group of shareholders or to the shareholders of unlisted companies pursuant to scheme of arrangement.	Not Applicable	
11.	Pre & Post Scheme Networth of the Companies involved in the Scheme. Companies are required to submit Certificate from Statutory Auditors / Practicing Chartered Accountants / Practicing Company Secretary. (Networth = Equity Share Capital + Free Reserves** - Miscellaneous Expenditure written off, along with the detailed working)	Yes	XI
12.	Board resolution approving the scheme of arrangement.	Same as Annexure X	
13.	Brief details of the transferee/resulting and transferor/demerged companies as per format enclosed at Annexure II of the NSE checklist.	Yes	XII
14.	Confirmation from all the companies involved in the scheme regarding the following:		

For HSIL LIMITED

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Company Secretary

	<p>a. The Company, its promoters or Directors have never been declared as wilful defaulter as per RBI Circular Ref. No. RBI/2015-16/100 DBR.No.CID.BC.22/20.16.003/2015-16 dated July 1, 2015 by the Banks.</p> <p>b. The Company, its promoters or Directors have not been directly or indirectly, debarred from accessing the capital market or have been restrained by any regulatory authority from, directly or indirectly, acquiring the said securities.</p> <p>c. The Company, its promoters or Directors do not have direct or indirect relation with the companies, its promoters and whole-time directors, which are compulsorily delisted by any recognised stock exchange</p>	Yes	XIII
15	Confirmation by the Company Secretary as per format enclosed as Annexure III of the NSE checklist	Yes	XIV
16	In case of scheme of demerger of a listed company a Certificate from Statutory Auditors / Practising Chartered Accountants / Practicing Company Secretary certifying Percentage turnover and profitability of the division, being hived off vis-à-vis the other divisions of the company.	Yes	XV
17	Name of the Designated Stock Exchange (DSE) for the purpose of co-ordinating with SEBI	NSE	
18	Complaints Report as per Para 1(A)(6) of Annexure-I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as per format enclosed at Annexure IV of the checklist.	To be submitted within 7 days of expiry of 21 days from the date of filing of Draft Scheme	

For HSIL LIMITED


Company Secretary

19	<p>Documents to be submitted by Resulting / Transferee Company proposed to be listed pursuant to the scheme:</p> <p>a. Certified true copy of the certificate from Statutory Auditor/ Practising Chartered Accountant/ Practising Company Secretary about Networth of the company - Pre & Post Scheme of Arrangement. The certificate should expressly specify reserves forming part of networth.</p> <p>b. Confirmation / Details by company secretary as per Annexure V of the NSE checklist.</p>	Yes	XVI
20	<p>Processing Fees (Non-Refundable):</p> <p>a) Payable to Exchange = Rs. 2 Lac plus applicable service tax.</p> <p>b) Payable to SEBI at the rate of 0.1% of the paid-up share capital of the listed / transferee / resulting company, whichever is higher, post sanction of the proposed scheme, subject to a cap of Rs.5,00,000. (No Service Tax / No TDS)</p>	Yes	XVII

Date

23 November 2017

Authorised Signatory and Stamp of the company

For HSIL LIMITED


 Company Secretary

Name

Payal M Puri

Designation

Company Secretary

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



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CERTIFIED TRUE COPY.

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For HSIL LIMITED

Company Secretary

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 Twyford 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 L51433WB1960PLC024539. 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 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



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[Signature]

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**");



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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.



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- 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.



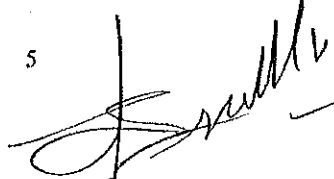
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PART A

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 relating 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 relating 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 relating 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 relating to, the CPDM 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 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;



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- (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;



9 A handwritten signature in black ink, appearing to be "Anurag", written over the page number 9.

- (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,



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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



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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



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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.



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- (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



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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.

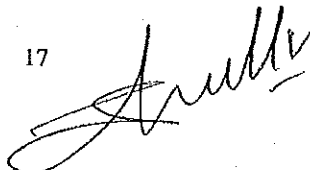
- (b) Where any of the Liabilities and obligations pertaining to the CPDM Undertaking and/or the Retail Undertaking on the Appointed Date, has been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf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



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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

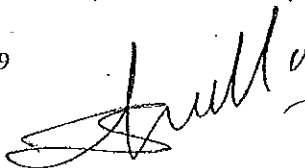


insurance policy ("**D&O Insurance**") taken by the Demerged Company as on the Effective Date, then, irrespective of their transfer to Resulting Company 1, such employees shall continue to be covered by such D&O Insurance, for the remainder of the term of the insurance policy, and the Demerged Company 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



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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, subdivision 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).



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PART C

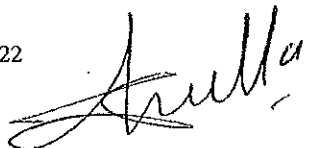
8. DEMERGER OF THE BPDМ UNDERTAKING INTO RESULTING COMPANY 2

8.1 Transfer and vesting of the BPDМ Undertaking

8.1.1 Upon this Scheme becoming effective and with effect from the Appointed Date, the BPDМ 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 BPDМ 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 BPDМ 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 BPDМ 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 BPDМ 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 BPDМ 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.



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- (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 BPDMD 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 BPDMD 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 BPDMD 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 BPDMD 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



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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;



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- (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, subdivision 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.



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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



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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.

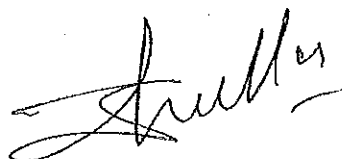
10.2.3 The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall 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 BPDMD 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 BPDMD 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 BPDMD 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.



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PART E - GENERAL TERMS AND CONDITIONS

12. Application to the Hon'ble Tribunal

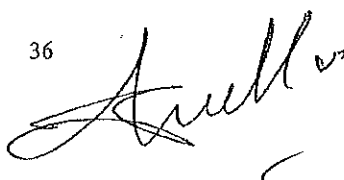
- 12.1 The Demerged Company shall have obtained an observation/no-objection letter from the Stock Exchanges, in accordance with Applicable Laws.
- 12.2 The Demerged Company, Resulting Company 1 and Resulting Company 2 shall make the requisite joint company applications under Sections 230 to 232 of the 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.



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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.



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SCHEDULE I

Registered trademarks forming part of the BPDM Undertaking

Sl. No.	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



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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



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47.	mamma mia	2991255
48.	ebello	2991263
49.	ebello	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



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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



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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



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SCHEDULE II

Registered trademarks forming part of the CPDM Undertaking

Sl. No.	Trademark	Application Number
1.	SNOWCREST	3201515
2.	MOONBOW EZILI	3297411
3.	MOONBOW ACHELOUS	3297410



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SCHEDULE III

Registered trademarks and copyrights forming part of the Retail Undertaking

1. Registered trademarks forming part of the Retail Undertaking

Sl. No.	Trademark	Application 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



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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).



Shruti

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, 2017 confirming 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 Arrangement under the provisions of 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, as may be applicable (hereinafter referred to as "Proposed 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 which is prepared in accordance with and to comply with the provisions of SEBI circular **CFD/DIL3/CIR/2017/21** dated March 10, 2017 and other applicable SEBI regulations and provisions thereof as under.

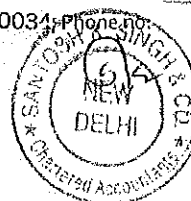
(Demerged Company, Resulting Company 1 and Resulting Company 2 being hereinafter individually referred to as Company and collectively referred to as the Companies; and Demerged Undertaking 1, Demerged Undertaking 2 and Remaining Undertaking (as defined in the Proposed Scheme) being hereinafter individually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

Corp office: G-9, H-3, Vardhman Plaza Tower, Netaji Subhash Place, Pitampura, New Delhi 110034. Phone no: 011-47243749

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For HSIL LIMITED

Company Secretary



Santosh K Singh & Co, 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 of CPDM Undertaking and Retail Undertaking of HSIL into its wholly owned subsidiary, Resulting Company 1, on a going concern basis through the Proposed 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 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 of Demerged 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.

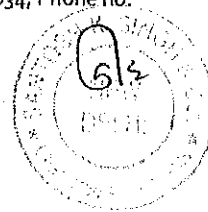
In the following paragraphs, we have summarized our recommendation on the Share Entitlement Ratio together with the limitations on our scope of work. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, 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 Undertaking 2 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 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 'Hindustan Twyford's 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. 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



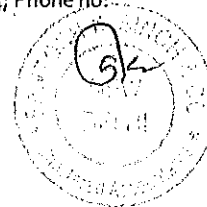
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products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, 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:

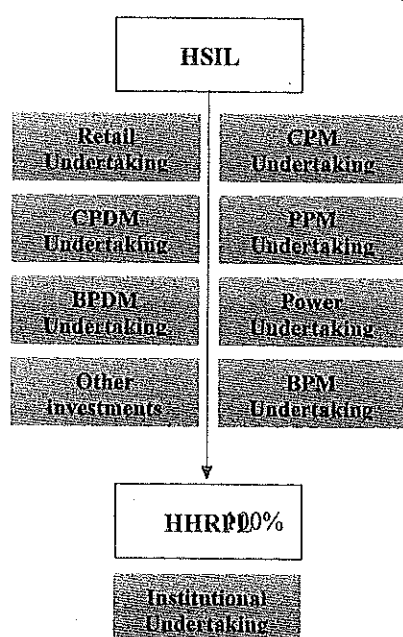
- a. The CPDM Undertaking and Retail Undertaking will be demerged into Resulting Company 1;
- b. The BPDM Undertaking will be demerged into Resulting Company 2;
- c. On the Proposed Scheme becoming effective, cancellation of the existing share capital Resulting Company 1, being held by the Demerged Company, 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.



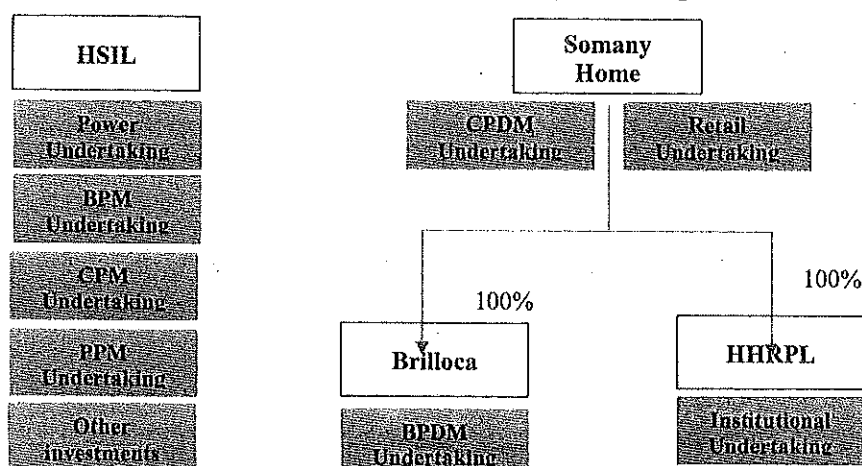
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- d. On the Proposed Scheme becoming effective, the equity shareholders of HSIL will be issued equity shares of Resulting Company 1, consequent to the demerger of Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting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

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:

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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 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:

Authorised Share Capital	Amount (in 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 (in Rs.)
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

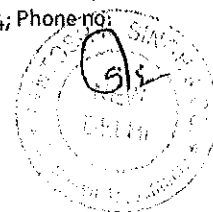
It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance 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

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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 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.

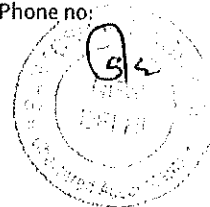
VIII. RECOMMENDED RATIO

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 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 Proposed 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 Proposed Scheme.

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"



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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

Santosh K Singh & Co, Chartered Accountants

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.

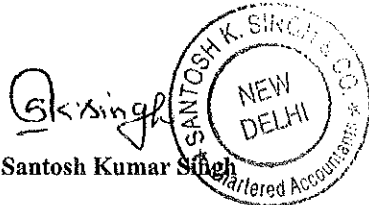
We owe responsibility to only the directors of the Company that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this report, and our report is conditional upon an express indemnity from the Company in our favor holding us harmless from and 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: Nov 8, 2017

Place: New Delhi

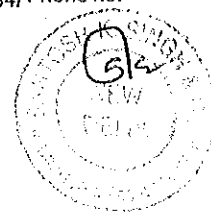
Corp office: G-9, H-3, Vardhman Plaza Tower, Netaji Subhash Place, Pitampura, New Delhi 110034; Phone no: 011-47243749



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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,



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- (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,

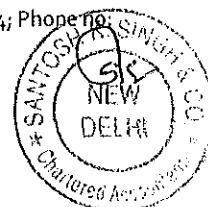
Corp office: G-9, H-3, Vardhman Plaza Tower, Netaji Subhash Place, Pitampura, New Delhi 110034; Phone no: 011-47243749



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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.

CA Santosh Partner

M.N. 502320

FRN 019877A

Corp office: G-9, H-3, Vardhman Plaza Tower, Netaji Subhash Place, Pitampura, New Delhi 110034; Phone no: 011-47243749





REPORT OF THE AUDIT COMMITTEE OF HSIL LIMITED RECOMMENDING THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT AMONGST HSIL LIMITED, SOMANY HOME INNOVATION LIMITED, BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

MEMBERS PRESENT

- 1) Mr. V.K.Bhandari - In the Chair
- 2) Mr. N.G.Khaitan - Member
- 3) Mr. Saif Bhandari - Member

BY INVITATION

Dr. Rajendra Kumar Somany
Mr. R. B. Kabra
Mr. Sandeep Sikka
Mr. G. Harsha Kadam

Mr. Sanjay Gaur
Mr. O. P. Pandey

Mr. Naveen Malik

Chairman and Managing Director
President (Building Products Division)
Chief Financial Officer
Chief Executive Officer (Packaging Products Division)
Chief Human Resource Officer
Sr. Vice President (Finance) (Packaging Products Division)
Associate Vice President (Corporate Finance)

INTERNAL AUDITORS

Mr. Neeraj Singhal
Mr. Mukul Trehan

Head - Internal Audit
Representative of DH Consultants Pvt. Ltd

STATUTORY AUDITORS

Mr. N.K. Lodha
Mr. Gaurav Lodha

Representative of M/s Lodha & Co

IN ATTENDANCE

Ms. Payal M Puri

Company Secretary

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1. Background

- 1.1. A meeting of the Audit Committee of HSIL Limited ("Company") was held on 10th November, 2017 *inter alia* to consider and recommend to the Board of Directors of the Company, the proposed composite scheme of arrangement ("Scheme") amongst the Company, Somany Home Innovation Limited ("Resulting Company 1"), Brilloca Limited ("Resulting Company 2") and their respective shareholders and creditors, under the provisions of Sections 230 to 232 of the Companies Act, 2013 read with Section 66 and other applicable provisions of the Companies Act, 2013 and other applicable laws, with effect from the Appointed Date, as defined in the Scheme.

For HSIL LIMITED

Company Secretary

- 1.2. The equity shares of the Company are listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Company will be filing the Scheme along with the necessary information/documents with both the BSE and the NSE (collectively "Stock Exchanges").

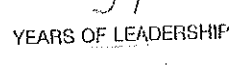
HSIL Limited

(An ISO 9001:2001, ISO 14001:2004, ISO 26001:2006 Certified Company)

Corporate Office: 301-302, IIIrd Floor Park Centre, 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 +91-33-22487406/07, F +91-33-22487045

marketing@hindware.co.in | www.hindwarehomes.com | CIN No. - L51433WB1960PLC024539



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- 1.3. This report of the Audit Committee is made in order to comply with the requirements of Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017, on schemes of arrangement involving listed companies, issued by the Securities and Exchange Board of India ("SEBI Circular").
- 1.4. The following documents were placed before the Audit Committee:
- (a) The draft of the Scheme, initiated by the company secretary for the purposes of identification;
 - (b) The valuation report, dated 8th November, 2017 issued by Santosh K Singh & Co., Chartered Accountants ("Valuer"), describing the methodology adopted by them in arriving at and recommending the Share Entitlement Ratio (defined hereinafter) ("Valuation Report"); and
 - (c) The fairness opinion dated 9th November, 2017 prepared by Finshore Management Services Limited, Merchant Banker ("Merchant Banker"), providing the fairness opinion on the Share Entitlement Ratio (defined hereinafter) recommended by the valuer, Santosh K Singh & Co., Chartered Accountants ("Fairness Opinion").

2. Proposed Scheme

2.1. The Audit Committee noted the salient features of the Scheme as under:

- (a) The draft 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 CPDM Undertaking, Retail Undertaking and BPDM Undertaking shall be collectively referred to as the "Demerged Undertakings".
- (b) Appointed date shall be opening of business hours of April 1, 2018 or such other date as the National Company Law Tribunal may direct.
- (c) Upon the Scheme becoming effective, Resulting Company 1 shall issue and allot equity shares, without receipt of any cash, to the shareholders of the Company, in the ratio of 1 equity share of Rs. 2 each of Resulting Company 1 for every 1 equity shares of Rs. 2 each of the Demerged Company, in consideration for, (i) the transfer of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1; and (ii) the transfer of the BPDM Undertaking into Resulting Company 2. Further, upon the proposed Scheme becoming effective, the existing paid up equity share capital of Resulting Company 1 held by the Company shall stand cancelled.
- (d) Upon the Scheme becoming effective, all assets, liabilities, contracts, rights, obligations, etc., pertaining to (i) the CPDM Undertaking and the Retail Undertaking shall stand transferred to Resulting Company 1, and (ii) the BPDM Undertaking shall stand transferred to Resulting Company 2, in each case, as a going concern, with effect from the Appointed Date.
- (e) The Scheme will become effective on obtaining all approvals as mentioned in the draft Scheme.
- (f) The equity shares issued by Resulting Company 1 to the shareholders of the Company pursuant to the Scheme are proposed to be listed on the Stock Exchanges, in terms of the Scheme and the SEBI Circular.



2.2. The Audit Committee reviewed the draft Scheme, the Valuation Report and the Fairness Opinion and also noted the rationale and benefits of the Scheme, which *inter alia* are as follows:

- (a) creation of separate and distinct entities housing the Demerged Undertakings and the Remaining Undertaking (as defined in the Scheme);
- (b) optimal monetisation and development of each of the respective businesses of the Demerged Undertakings and Remaining Undertaking (as defined in the Scheme), 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 the Company's assets, achieving cost efficiencies and operational efficiencies.

2.3. The Audit Committee reviewed the Valuation Report and noted the recommended share entitlement ratio for the demerger ("Share Entitlement Ratio") as under:

Upon the coming into effect of the Scheme and in consideration of the demerger of, (a) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1; and (b) the BPDM Undertaking into Resulting Company 2, Resulting Company 1 shall issue and allot equity shares, without receipt of any cash, to the shareholders of the Company in the following ratio:

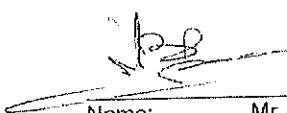
1 equity share of Rs. 2 each of Resulting Company 1 for every 1 equity share of Rs. 2 each of the Company.

2.4. Further, the Fairness Opinion confirmed that the Share Exchange Ratio contained in the Valuation Certificate is fair to the shareholders of the Company.

3. Recommendation of the Audit Committee

The Audit Committee after due deliberations and due consideration of all the terms of the draft Scheme, Valuation Report and the Fairness Opinion, recommends the draft Scheme for favourable consideration by the Board of Directors of the Company, the Stock Exchanges and SEBI.

By Order of the Audit Committee
For and on behalf of
HSIL Limited


Name: Mr. V.K. Bhandari
Designation: Chairman, Audit Committee

19/11/2017

Date: 10th November, 2017

Place: Gurugram



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 -

- 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;
- 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;
- 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;
- 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)

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2nd Floor, Block-A, Room No. 207

227, A. J. C. Bose Road, Kolkata-700 020 West Bengal, Ind.

Ph: 033 2289 5101

Website : www.finshoregroup.com

Page 1 of 7

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For HSIL LIMITED

Company Secretary





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 [October 13, 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. Background of companies:

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 'Hindustan Twyford 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 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)

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Ph. : 033 2289 5101

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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 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 alumina blast furnace, silica, etc.)

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and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.).

1.3. Brilloca Limited

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 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;



FINSHORE MANAGEMENT SERVICES LIMITED
(CIN : U74900WB2011PLC169377)

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- 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. Conclusion and Our Opinion

- 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

FINSHORE MANAGEMENT SERVICES LIMITED

(CIN : U74900WB2011PLC169377)

Registered Office : "Anandlok"

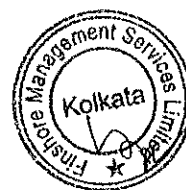
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Demerged Company and in the same ratio). Thus, the interest of shareholders remains unaffected post the coming into effect of the Proposed Scheme.

"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

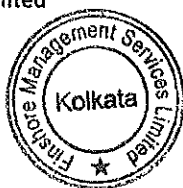
- a. 1 (one) equity shares of face value INR 2 (Rupees Two) each at par in Resulting Company 1 for every 1 (one) equity shares of face value of INR 2 (Rupees Two) held in the Demerged Company,
- b. in consideration of transfer and vesting of CPDM and Retail Undertaking in Resulting Company 1 and BPDM undertaking in Resulting Company 2,

as fair and reasonable to the equity shareholders of HSIL Limited."

Thanking You,

For Finshore Management Services Limited


Director



SEBI Registered Category I Merchant Banker
SEBI Registration No.: INM 000012185

FINSHORE MANAGEMENT SERVICES LIMITED
(CIN : U74900WB2011PLC169377)

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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.



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Format of holding of specified securities

1. Name of Listed Entity: HSIL LTD. (CIN:L51433WB1960PLC024539)
2. Scrip Code 500187 Name of Scrip -,- Class of Security Equity
3. Share Holding Pattern Filed under : Reg. 31(1)(a)/Reg. 31(1)(b)/Reg. 31(1)(c)
 - a. If under 31(1)(b) then indicate the report for Quarter ending: 03/11/2017
 - b. If under 31(1)(c) then indicate date of allotment/extinguishment

4. Declaration : The Listed entity is required to submit the following declaration to the extent of submission of information:-

Particulars	Yes*	No*
1 Whether the Listed Entity has issued any partly paid up shares?		No
2 Whether the Listed Entity has issued any Convertible Securities or Warrants?		No
3 Whether the Listed Entity has any shares against which depository receipts are issued?		No
4 Whether the Listed Entity has any shares in Locked-in?		No
5 Whether any shares held by promoters are pledge or otherwise encumbered?		No

* If the Listed Entity selects the option 'No' for the questions above, the column for the partly paid up shares, Outstanding Convertible Securities/Warrants, depository receipts, locked-in shares, No of shares pledged or otherwise encumbered by promoters, as applicable, shall not be displayed at the time of dissemination on the Stock Exchange website. Also wherever there is 'No' declared by Listed Entity in above table the values will be considered as 'Zero' by default on submission of the format of holding of specified securities.

5. The tabular format for disclosure of holding of specified securities is as follows:-

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For HSIL LIMITED



Company Secretary

ANNEXURE - V
(Pre-Shareholding)
dated: 3/11/2017

Table I - Summary Statement holding of specified securities as on 03/11/2017

Category of shareholder (I)	Nos. of shareholders (II)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (X)			No of underlying convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)	Number of equity shares held in dematerialized form (XIV)
						Class eqx	Class eqy	Total			No. (a)	As a % of total shares held (b)		
(A) Promoter & Promoter group	9	35012819	0	0	48.4296	35012819	0	35012819	48.4296	0	0	0.0000	0	35012819
(B) Public	27320	37283576	0	0	51.5704	37283576	0	37283576	51.5704	0	0	0.0000	NA	36204802
(C) Non Promoter - Non Public													NA	
(C1) Shares underlying DRs					NA								NA	
(C2) Shares held by Employee Trusts													NA	
Total	27329	72296395	0	0	100.0000	72296395	0	72296395	100.0000	0	0			71217621

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For HSIL LIMITED

Company Secretary

HSIL LTD.														
Table II - Statement Showing shareholding pattern of the Promoter and Promoter Group as on 03/11/2017														
Category & Name of the Shareholders (I)	PAN (II)	Nos. of sharehold-ers (III)	No. of fully paid up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Party paid-up equity shares held (VI)	Total nos. shares held (VII)=(IV)+(V)+(VI)	Sharehold-ing % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			Sharehold-ing as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (X)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XI)	Number of shares pledged or otherwise encumbered (XIII)	Number of equity shares held in demateriali-zed form (XIV)
								Class x	Class y	Total				
(1)	Indian													
(a)	Individuals/Hindu undivided Family	5	5747719	0	0	5747719	7.9502	5747719	0	5747719	7.9502	0	0.0000	5747719
	RAJENDRA KUMAR SOMANY	1	3080000	0	0	3080000	4.2602	3080000	0	3080000	4.2602	0	0.0000	3080000
	SANDIP SOMANY	1	2283563	0	0	2283563	3.1566	2283563	0	2283563	3.1566	0	0.0000	2283563
	SUMITA SOMANY	1	161000	0	0	161000	0.2227	161000	0	161000	0.2227	0	0.0000	161000
	DIVA SOMANY	1	146912	0	0	146912	0.2032	146912	0	146912	0.2032	0	0.0000	146912
	SHASHVAT SOMANY	1	76244	0	0	76244	0.1055	76244	0	76244	0.1055	0	0.0000	76244
(b)	Central Government/State Government(s)													
(c)	Financial Institutions/Banks													
(d)	Any Other (specify)													
	Bodies Corporate	4	29265100	0	0	29265100	40.4793	29265100	0	29265100	40.4793	0	0.0000	29265100
	PACO EXPORTS LIMITED	1	21280000	0	0	21280000	29.4344	21280000	0	21280000	29.4344	0	0.0000	21280000
	SOMA INVESTMENTS LTD	1	4235000	0	0	4235000	5.8578	4235000	0	4235000	5.8578	0	0.0000	4235000
	NEW DELHI INDUSTRIAL PROMOTORS AND INVESTORS LTD	1	3750000	0	0	3750000	5.1870	3750000	0	3750000	5.1870	0	0.0000	3750000
	MATTERHORN TRUST	1	100	0	0	100	0.0001	100	0	100	0.0001	0	0.0000	100
	Sub Total	9	35012819	0	0	35012819	48.4296	35012819	0	35012819	48.4296	0	0.0000	35012819
(2)	Foreign													
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)													
(b)	Government													
(c)	Institutions													
(d)	Foreign Portfolio Investor													
(e)	Any Other (specify)													
	Sub Total	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0
	Total Shareholding of Promoter and Promoter Group (A)=(A1)+(A2)	9	35012819	0	0	35012819	48.4296	35012819	0	35012819	48.4296	0	0.0000	35012819

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For HSIL LIMITED
[Signature]

Company Secretary

HSIL LTD.															
Table III - Statement Showing shareholding pattern of the Public shareholder as on 03/11/2017															
Category & Name of the Shareholders (i)	PAN (ii)	Nos. of shareholders (iii)	No. of fully paid up equity shares held (iv)	Partly paid-up equity shares held (v)	Nos. of shares underlying Depository Receipts (vi)	Total nos. shares held (vii)=(iv)+(v)+(vi)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (vii)	Number of Voting Rights held in each class of securities (ix)				Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (X)=(vii)+(X)	Number of Locked in shares (xii)		Number of shares pledged or otherwise encumbered (xiii)
								No of Voting Rights			No of shares outstanding convertible securities (including Warrants) (X)		As a % of total shares held (b)	As a % of total equity shares held in dematerialized form (b) (a) (b) (a	

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For HSIL LIMITED

HSIL LTD.																	
Table II - Statement Showing shareholding pattern of the Public shareholder as on 03/11/2017																	
Category & Name of the Shareholders (I)	PAN (II)	Nos. of sharehold-ers (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII)= (IV)+ (V)+ (VI)	Sharehold-ing % calculate d as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (X)=(VII)+(X) As a % of A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)	Number of equity shares held in dematerial ized form (XIV)	
								No. of Voting Rights			No of shares Underlying convertible securities (including Warrants) (X)		As a % of total shares held (b)	No. (a)			As a % of total equity shares held in dematerial ized form (b) (XIV)
								Class x	Class y	Total							
(2) Central Government / State Government(s) / President of India																	
(3) Non-Institutions																	
(a) Individuals-																	
i. Individual shareholders holding nominal share capital upto Rs.2 lakhs		25428	9521205		0	0	9521205	9521205	0	9521205	13.1697	0	0.0000	NA		8475918	
ii. Individual shareholders holding nominal share capital in excess of Rs.2 lakhs		6	902258		0	0	902258	902258	0	902258	1.2480	0	0.0000	NA		902258	
(b) NBFCs registered with RBI		6	182633		0	0	182633	182633	0	182633	0.2526	0	0.0000	NA		182633	
(c) Employee Trusts																	
Overseas Depositories (holding DRs) (balancing figure)																	
(e) Any Other (specify)																	
Bodies Corporate		430	1978074		0	0	1978074	1978074	0	1978074	2.7361	0	0.0000	NA		1971680	
FAERING CAPITAL INDIA EVOLVING FUND	AAATF3215E	1	750000		0	0	750000	750000	0	750000	1.0374	0	0.0000	NA		750000	
Clearing Member		221	128593		0	0	128593	128593	0	128593	0.1779	0	0.0000	NA		128593	
Non Resident Individual		1122	1210401		0	0	1210401	1210401	0	1210401	1.6742	0	0.0000	NA		1199442	
Trusts		2	3100		0	0	3100	3100	0	3100	0.0043	0	0.0000	NA		3100	
Sub Total		27215	13926264		0	0	13926264	13926264	0	13926264	19.2627	0	0.0000	NA		12863834	
Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)		27320	37283576		0	0	37283576	37283576	0	37283576	51.5704	0	0.0000	NA		36204802	

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For HSIL LIMITED
Tajinder

Company Secretary

Format of holding of specified securities

1. Name of Listed Entity: HSIL LTD. (CIN:L51433WB1960PLC024539)

2. Scrip Code 500187 Name of Scrip -- Class of Security Equity

3. Share Holding Pattern Filed under : Reg. 31(1)(a)/Reg. 31(1)(b)/Reg. 31(1)(c)

a. If under 31(1)(b) then indicate the report for Quarter ending: 10/11/2017


b. If under 31(1)(c) then indicate date of allotment/extinguishment

4. Declaration : The Listed entity is required to submit the following declaration to the extent of submission of information:-

Particulars	Yes*	No*
1 Whether the Listed Entity has issued any partly paid up shares?		No
2 Whether the Listed Entity has issued any Convertible Securities or Warrants?		No
3 Whether the Listed Entity has any shares against which depository receipts are issued?		No
4 Whether the Listed Entity has any shares in Locked-in?		No
5 Whether any shares held by promoters are pledge or otherwise encumbered?		No

* If the Listed Entity selects the option 'No' for the questions above, the column for the partly paid up shares, Outstanding Convertible Securities/Warrants, depository receipts, locked-in shares, No of shares pledged or otherwise encumbered by promoters, as applicable, shall not be displayed at the time of dissemination on the Stock Exchange website. Also wherever there is 'No' declared by Listed Entity in above table the values will be considered as 'Zero' by default on submission of the format of holding of specified securities.

5. The tabular format for disclosure of holding of specified securities is as follows:-

For HSIL LIMITED

 Company Secretary

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(Post Shareholding)
 dated - 10/11/2017

Table 1 - Summary Statement holding of specified securities as on 10/1/2017

Category (I)	Category of shareholder (II)	Nos. of shares held (III)	No. of fully paid up equity shares held (IV)	No. of Party paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No of shares Underlying convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a diluted share capital) (XI) = (VI) + (X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								Class eqx	No of Voting Rights	Total			As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	No. (a)	
(A)	Promoter & Promoter group	9	35012819	0	0	35012819	48.4296	35012819	0	35012818	48.4296	0	0	0	0.0000	0	35012819
(B)	Public	26688	37283576	0	0	37283576	51.5704	37283576	0	37283576	51.5704	0	0	0	0.0000	NA	36204802
(C)	Non Promoter - Non Public															NA	
(C1)	Shares underlying DRs						NA									NA	
(C2)	Shares held by Employee Trusts															NA	
	Total	26697	72296395	0	0	72296395	100.0000	72296395	0	72296395	100.0000	0	0	0	0.0000		71217621

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For HSIL LIMITED

Company Secretary

HSIL LTD.																		
Table II - Statement Showing shareholding pattern of the Promoter and Promoter Group as on 10/11/2017																		
Category & Name of the Shareholders (I)	PAN (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Party paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII)=(IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (X)				Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)	Number of shares pledged or otherwise encumbered (XIII)	Number of equity shares held in dematerialized form (XIV)			
								No of Voting Rights			No of shares outstanding convertible securities (including Warrants) (X)							
								Class	x	Class y Total								
(1)	Indian																	
(a)	Individuals/Hindu undivided Family	5	5747719	0	0	5747719	7.9502	5747719	0	5747719	7.9502	0	0.0000	0	0.0000	5747719		
	RAJENDRA KUMAR SOMANY																	
	AIYPS6274J	1	3080000	0	0	3080000	4.2602	3080000	0	3080000	4.2602	0	0.0000	0	0.0000	3080000		
	SANDIP SOMANY	1	2283563	0	0	2283563	3.1586	2283563	0	2283563	3.1586	0	0.0000	0	0.0000	2283563		
	AIYPS6270N	1	161000	0	0	161000	0.2227	161000	0	161000	0.2227	0	0.0000	0	0.0000	161000		
	SUMITA SOMANY	1	146912	0	0	146912	0.2032	146912	0	146912	0.2032	0	0.0000	0	0.0000	146912		
	ALMPS4606B	1	146912	0	0	146912	0.2032	146912	0	146912	0.2032	0	0.0000	0	0.0000	146912		
	DIVYA SOMANY	1	76244	0	0	76244	0.1055	76244	0	76244	0.1055	0	0.0000	0	0.0000	76244		
	ENCPS4665E	1																
(b)	Central Government/State Government(s)																	
(c)	Financial Institutions/Banks																	
(d)	Any Other (specify)																	
	Bodies Corporate	4	29265100	0	0	29265100	40.4793	29265100	0	29265100	40.4793	0	0.0000	0	0.0000	29265100		
	PACO EXPORTS LIMITED																	
	AABCP7783K	1	21280000	0	0	21280000	29.4344	21280000	0	21280000	29.4344	0	0.0000	0	0.0000	21280000		
	SOMA INVESTMENTS LTD	1	4235000	0	0	4235000	5.8578	4235000	0	4235000	5.8578	0	0.0000	0	0.0000	4235000		
	AAACS0348E	1																
	NEW DELHI INDUSTRIAL PROMOTORS AND INVESTORS LTD																	
	AAACN0092L	1	3750000	0	0	3750000	5.1870	3750000	0	3750000	5.1870	0	0.0000	0	0.0000	3750000		
	AAETM9786B	1	100	0	0	100	0.0001	100	0	100	0.0001	0	0.0000	0	0.0000	100		
	MATTERHORN TRUST	9	35012819	0	0	35012819	48.4296	35012819	0	35012819	48.4296	0	0.0000	0	0.0000	35012819		
	Sub Total																	
(2)	Foreign																	
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)																	
(b)	Government																	
(c)	Institutions																	
(d)	Foreign Portfolio Investor																	
(e)	Any Other (specify)																	
	Sub Total	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0		
	Total Shareholding of Promoter and Promoter Group (A)=(AI)+(A/2)	9	35012819	0	0	35012819	48.4296	35012819	0	35012819	48.4296	0	0.0000	0	0.0000	35012819		

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SPRHSIL LIMITED
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Company Secretary

HSIL LTD.															
Table III - Statement Showing shareholding pattern of the Public shareholder as on 10/11/2017															
Category & Name of the Shareholders (I)	PAN (II)	Nos. of sharehold-ers (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII)= (IV)+ (V)+ (VI)	Sharehold- ing % calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)	
								No of Voting Rights				No of shares Underlying convertible securities (including Warrants) (X)	As a % of total shares held (b)		As a % of total equity shares held in (Not applica- ble) (b) (a)
								Class x.	Class y.	Total					
(1)															
(a)		30	18523320	0	0	18523320	25.6214	18523320	0	18523320	25.6214	0	0.0000	NA	18523320
RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE CAPITAL BUILDER FUND 2 SR B	AAATR0090B	4	6997103	0	0	6997103	9.6784	6997103	0	6997103	9.6784	0	0.0000	NA	6997103
HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND	AAATH1809A	3	5140044	0	0	5140044	7.1097	5140044	0	5140044	7.1097	0	0.0000	NA	5140044
SUNDARAM MUTUAL FUND A/C SUNDARAM INFRASTRUCTURE ADVANTAGE FUND	AAATS2554B	18	4223140	0	0	4223140	5.8414	4223140	0	4223140	5.8414	0	0.0000	NA	4223140
UTI - CAPITAL PROTECTION ORIENTED SCHEME - SERIES V - II (1135 DAYS)	AAATU1088L	3	1113033	0	0	1113033	1.5395	1113033	0	1113033	1.5395	0	0.0000	NA	1113033
ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE MANUFACT	AAATB0102C	2	1050000	0	0	1050000	1.4524	1050000	0	1050000	1.4524	0	0.0000	NA	1050000
(b)															
Venture Capital Funds															
(c)		1	211291	0	0	211291	0.2923	211291	0	211291	0.2923	0	0.0000	NA	211291
Foreign Venture Capital Investors															
(d)															
Foreign Portfolio Investors		62	4373779	0	0	4373779	6.0498	4373779	0	4373779	6.0498	0	0.0000	NA	4373779
RAMS EQUITIES PORTFOLIO FUND-INDIA EQUITIES PORTFOLIO FUND	AAHCR4850P	1	944692	0	0	944692	1.3067	944692	0	944692	1.3067	0	0.0000	NA	944692
(f)		11	249469	0	0	249469	0.3451	249469	0	249469	0.3451	0	0.0000	NA	233625
Financial Institutions / Banks															
(g)		1	500	0	0	500	0.0007	500	0	500	0.0007	0	0.0000	NA	0
Insurance Companies															
(h)															
Provident Funds / Pension Funds															
(i)															
Any Other (specify)															
Sub Total		105	23358359	0	0	23358359	32.3092	23358359	0	23358359	32.3092	0	0.0000	NA	23342015

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FOR HSIL LIMITED


Company Secretary

HSIL LTD.													
Table III - Statement Showing shareholding pattern of the Public shareholder as on 10/11/2017													
Category & Name of the Shareholders (I)	PAN (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII)=(IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957) As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (X)			Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (X)=(VII)+(X)+(X)=(VII)+(X		

For HSIL LIMITED

Company Secretary

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HSIL LTD.																
Table IV - Statement Showing shareholding pattern of the Non Promoter - Non Public shareholder as on 10/11/2017																
Category & Name of the Shareholders (I)	PAN (II)	No of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII)=(IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (X)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)	Number of shares pledged or otherwise encumbered (XIII)		
								No of Voting Rights			No. (a)				As a % of total shares held (b)	As a % of total shares held (c)
								Class x	Class y	Total						
(1) Custodian / DR Holder																
(2) Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)																
Total Non Promoter - Non Public Shareholding (C)=(C)(1)+(C)(2)		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	NA		
														0		

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For HSIL LIMITED
Tan
 Company Secretary

SOMANY HOME INNOVATION LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA - 700001

CIN: U74999WB2017PLC222970

T- +91-33-2248 7407/5668

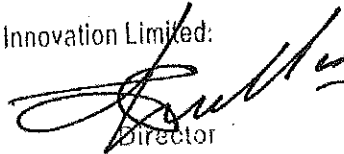
Email: ngoenka@hindware.co.in

PRE (03.11.2017) AND POST (10.11.2017) SHAREHOLDING PATTERN

Equity Shares				
Sr. No.	Name of Shareholder	No. of Shares	Face Value of shares(Rs)	% of Shareholding
1.	HSIL Limited	499994	2	100%
2.	Mr. Sandip Somany*	1	2	
3.	Mr. Niranjan Kumar Goenka*	1	2	
4.	Mr. G.L. Sultania*	1	2	
5.	Mr. Ajay Kumar Dokania*	1	2	
6.	Mr. Manoj Kumar Aggarwal*	1	2	
7.	Mr. Ravi Kedia*	1	2	
	Total	500000		100%

*Nominee of HSIL Limited

For Somany Home Innovation Limited:



Director

BRILLOCA LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA - 700001

CIN: U74999WB2017PLC223307

T- +91-33-2248 7407/5668

Email: ngoenka@hindware.co.in

PRE (03.11.2017) AND POST (10.11.2017) SHAREHOLDING PATTERN

Equity Shares				
Sr. No.	Name of Shareholder	No. of Shares	Face Value of shares(Rs)	% of Shareholding
1.	Somany Home Innovation Limited	499994	2	100%
2.	Dr. Rajendra Kumar Soamny*	1	2	
3.	Mr. Niranjan Kumar Goenka*	1	2	
4.	Mr. G.L. Sultania*	1	2	
5.	Mr. Ajay Kumar Dokania*	1	2	
6.	Mr. Manoj Kumar Aggarwal*	1	2	
7.	Mr. Ravi Kedia*	1	2	
	Total	500000		100%

*Nominee of Somany Home Innovation Limited

For BRILLOCA LIMITED


Authorised Signatory/Director

hindware

Date : 10 November 2017
Place: Gurgaon

The financial details and capital evolution of the demerged company for the previous 3 years as per the audited statement of Accounts:

Name of the Company: HSIL Limited

(Rs. in Crores)

	As per last Audited Financial Year #	1 year prior to the last Audited Financial Year*	2 years prior to the last Audited Financial Year*
	2016-17	2015-16	2014-15
Equity Paid up Capital	14.46	14.46	14.46
Reserves and surplus(excluding Business reconstruction reserve and Fair value of equity instruments)	1119.56	1080.36	998.56
Carry forward losses	-	-	-
Net Worth	1134.02	1094.82	1013.02
Miscellaneous Expenditure	-	-	-
Secured Loans	637.16	406.08	560.63
Unsecured Loans	295.86	198.06	190.79
Fixed Assets(including CWIP)	1658.69	1556.30	1593.08
Income from Operations	2229.90	1944.30	1857.02
Total Income	2234.45	1948.16	1860.63
Total Expenditure	2084.79	1763.19	1708.38
Profit before Tax	149.66	184.97	152.25
Profit after Tax	103.01	116.70	104.15
Other comprehensive income (net of tax)	2.54	-	-
Total comprehensive income	105.55	116.70	104.15
Cash profit(profit after tax but before depreciation)	211.60	227.99	214.74
EPS	14.25	16.14	15.70
Book value (net worth/no. of equity shares)	156.86	151.44	140.12

Figures are based on audited financial statements prepared in accordance with Indian Accounting Standards specified under section 133 of the Companies Act, 2013

* Figures are based on audited financial statements prepared in accordance with Accounting Standards specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended)

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, IIIrd Floor Park Centra, Sector-30, NH-8, Gurgaon - 122 001 India,
T+91-124-477 9200, Fax +91-124-429 2898 / 99

www.hindwarehomes.com

HSIL

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For HSIL Limited

[Signature]
G. S. Sumania
Director

For HSIL LIMITED

[Signature]
Company Secretary



BRILLOCA LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001

CIN: U74999WB2017PLC223307

T- +91-33-2248 7407/5668

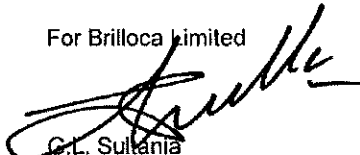
Email: ngoenka@hindware.co.in

The financial details and capital evolution of the resulting company - 2 for the previous 3 years as per the audited statement of Accounts:

Name of the Company: Brilloc Limited

As Brilloc Limited (the "Company") has been incorporated on 2nd November 2017 with the share capital of Rs. 10 Lakh, therefore financial details and capital evolution of the Company for previous 3 years are not available.

For Brilloc Limited



G.L. Sultania
Director

Date : 10 November 2017

Place : Gurgaon

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

The financial details and capital evolution of the resulting company - 1 for the previous 3 years as per the audited statement of Accounts:

Name of the Company: Somany Home Innovation Limited

As Somany Home Innovation Limited (the "Company") has been incorporated on 28th September 2017 with the share capital of Rs. 10 Lakh, therefore financial details and capital evolution of the Company for previous 3 years are not available.

For Somany Home Innovation Limited



G. Sultania
Director

Date : 10 November 2017

Place : Gurgaon

**LODHA
& CO**

Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
Fax : 91 11 23345168 / 23314309
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 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.

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

For HSIL LIMITED

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[Signature]
Company Secretary

Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur



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

Lodha

(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 Somany 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.

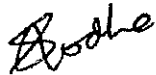


6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. Our examination did not extend to any aspects 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 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



33
[Handwritten signature]



Compliance Report

10th November, 2017

The General Manager,
BSE Limited
Department of Corporate Services,
Rotunda Building,
P.J. Towers, Dalal Street,
Mumbai 400 001
India

National Stock Exchange of India
"Exchange Plaza"
Bandra-Kurla Complex,
Bandra (East)
Mumbai 400 051
India

Dear Sir,

Sub: Compliance Report to be submitted along with the Draft Scheme, as required under Paragraph I(A)(2)(h) of Annexure I of SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017.

It is hereby certified that the Draft Composite Scheme of Arrangement, amongst HSIL Limited, Somany Home Innovation Limited, Brilloca Limited and their respective shareholders and creditors, in terms of the provisions of 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 ("Draft Scheme"), does not, in any way violate, override or limit the provisions of securities laws or requirements of the Stock Exchange(s) and the same is in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") and Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017, on schemes of arrangement involving listed companies, issued by the Securities and Exchange Board of India ("SEBI Circular"), including the following:

Sl. No.	Reference	Particulars	Whether complied or not and how
1.	Regulations 17 to 27 of LODR Regulations	Corporate governance requirements	Complied
2.	Regulation 11 of LODR Regulations	Compliance with securities laws	Complied
3.	The following requirements of the SEBI Circular:		
	(a) Para (I)(A)(2)	Submission of documents to Stock Exchanges	Submitted
	(b) Para (I)(A)(3)	Conditions for schemes of arrangement involving unlisted entities	Shall be complied with
	(c) Para (I)(A)(4)(a)	Submission of Valuation Report	Submitted Refer to Annexure II
	(d) Para (I)(A)(5)	Auditors certificate regarding compliance with Accounting Standards	Submitted Refer to Annexure VII
	(e) Para (I)(A)(9)	Provision of approval of public shareholders through e-voting	Shall be complied with


HSIL Limited

(An ISO 9001:2008 / ISO 14001:2004 / ISO 18001:2005 Certified Company)

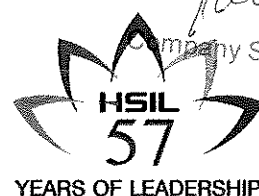
Corporate Office: 301-302, IIIrd Floor Park Centra, Sector-30, NH-8, Gurgaon, Haryana - 122 001. T +91-124-4779200, F +91-124-4292898/99

Registered Office: 2, Red Cross Place, Kolkata, West Bengal - 700 001. T +91-33-22487406/07, F +91-33-22487045

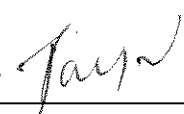
marketing@hindware.co.in | www.hindwarehomes.com | CIN No. - L51433WB1960PLC024539


CERTIFIED TRUE COPY For HSIL LIMITED



Company Secretary


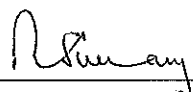
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Payal M Puri

Company Secretary

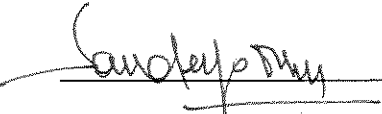





Dr. Rajendra Kumar Somany

Chairman and Managing Director

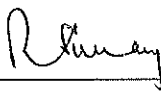
Certified that the transactions / accounting treatment provided in the Draft Composite Scheme of Arrangement, amongst HSIL Limited, Somany Home Innovation Limited, Brilloca Limited and their respective shareholders and creditors, are in compliance with all the Accounting Standards applicable to a listed entity.






Sandeep Sikka

Chief Financial Officer





Dr. Rajendra Kumar Somany

Chairman and Managing Director

**LODHA
& CO**

Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
Fax : 91 11 23345168 / 23314309
E-mail : delhi@lodhaco.com

To,
The Board of Directors
HSIL Limited,
2, Red Cross Place,
Kolkata 700 001,
West Bengal, India

Certificate of non – applicability of the requirements prescribed in Paragraphs I(A)(9)(a) and I(A)(9)(b) of Annexure 1 of SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017, in relation to the Proposed Scheme of Arrangement.

1. This Certificate is issued in accordance with the terms of the Engagement letter dated 10th November 2017. 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.
2. We, have examined the accompanying undertaking ("**Undertaking**") regarding non-applicability of the conditions mentioned in Paragraphs I(A)(9)(a) and I(A)(9)(b) read with Paragraph I(A)(9)(c) of Annexure 1 of SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("**SEBI Circular**"), stating the reasons thereof, in respect of the proposed composite scheme of arrangement amongst HSIL Limited ("Remaining Undertaking" or "the Demerged Company" or "the Company") and Somany Home Innovation Limited ("Resulting Company 1") and Brilloca Limited ("Resulting Company 2") and their respective shareholders and creditors, in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("**Draft Scheme**"). The Remaining Undertaking is required to submit the Undertaking which is prepared by the Board of Directors of the Remaining Undertaking as per SEBI Circular dated March 10, 2017, duly certified by the Statutory Auditors of the Remaining Undertaking, with BSE Limited, National Stock Exchange of India Limited (together referred to as "Stock Exchange") & Securities and Exchange Board of India ("SEBI") towards non-applicability of conditions mentioned in Paragraphs I(A)(9)(a) and I(A)(9)(b) read with Paragraph I(A)(9)(c) of Annexure 1 to the SEBI Circular stating reasons thereof.
3. In connection with the requirement as stated in Paragraph 2 above, we have been provided by the Company, a certified copy of the Draft Scheme which is pending for sanction by the Hon'ble National Company Law Tribunal (as attached herewith – Annexure 1) and certified copy of the Undertaking as per the SEBI Circular (as attached herewith – Annexure 2). We have initialed the Undertaking for identification purposes only. We have relied on the Undertaking and have performed no further procedures in this regard.
4. **Management's Responsibility**

The preparation of the Undertaking is the responsibility of the management of the Company including the creation and maintenance of all accounting and other records supporting the contents of the Draft Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Undertaking. The management of the Company is also responsible for ensuring that the Company complies with the requirements of the SEBI Circular, the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("**Listing Regulations**"), the Companies Act, 2013 and for providing all relevant information to SEBI, and Stock Exchange(s).
5. **Auditor's Responsibility**

5.1. Pursuant to the requirements of the SEBI Circular, our responsibility is to provide reasonable assurance as to whether Paragraphs I(A)(9)(a) and I(A)(9)(b) of Annexure 1 of the SEBI Circular is applicable to the Draft Scheme or not. A reasonable assurance engagement includes performing

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For HSIL LIMITED

Company Secretary

Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur



procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly we have obtained a certified true copy of the Draft Scheme, obtained a certified copy of the Undertaking as per SEBI Circular and relied on the copy of the Draft Scheme and the Undertaking so obtained and the explanations provided to us by the management of the Company. No further procedures in this regard was performed.

- 5.2. We have carried out our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised)" ("**Guidance Note**"), issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
- 5.3. 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 Information, and Other Assurances and Related Services Engagements.
- 5.4. Our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be to express an opinion on the specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion. Further, our examination did not extend to any aspects of a legal or propriety nature in the Scheme.


6. Opinion

Based on our examination as above and according to the information and explanations provided to us, we are of the opinion that Paragraphs I(A)(9)(a) and I(A)(9)(b) of Annexure 1 of the SEBI Circular are not applicable to the Draft Scheme, for the reasons stated in the Undertaking.

7. Restriction of Use

- 7.1 Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the aforesaid SEBI Circular. Our obligations in respect of this Certificate are entirely separate from and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this Certificate, nor anything said or done in the course of or in connection with the services that are the subject of this Certificate, will extend any duty of care we may have in our capacity as auditors of the Company.
- 7.2 This certificate is issued at the request of the Company, pursuant to the requirements of the Listing Regulations and the SEBI Circular, for onward submission by the Company to the Stock Exchanges. 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 No. 507462
Place: New Delhi
Date: 10th November 2017



Undertaking pursuant to Paragraph I(A)(9)(c) of Annexure 1 of SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("SEBI Circular") regarding non-applicability of the requirements prescribed under Paragraphs I(A)(9)(a) and I(A)(9)(b) of Annexure 1 of the SEBI Circular in respect of the Composite Scheme of Arrangement

Pursuant to Paragraph I(A)(9)(c) of Annexure 1 of SEBI Circular, HSIL Limited ("Demerged Company") hereby confirms that the conditions prescribed in Paragraphs I(A)(9)(a) and I(A)(9)(b) of Annexure 1 of the SEBI Circular, in relation to voting by public shareholders through e-voting, is not applicable to the proposed composite scheme of arrangement amongst HSIL Limited ("Remaining Undertaking"), Somany Home Innovation Limited ("Resulting Company 1"), Brilloca Limited ("Resulting Company 2") and their respective shareholders and creditors, in terms of Sections 230 to 232 of the Companies Act, 2013, read with Section 66 and other applicable provisions of the Companies Act, 2013 ("Draft Scheme") as the Draft Scheme does not include the cases specified in Paragraph I(A)(9)(b) of Annexure 1 of the SEBI Circular, as per the details given below:

- (a) Where additional shares have been allotted to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the listed entity.

Reason: The Draft Scheme does not envisage any issue/allotment of additional shares to the Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Remaining Undertaking. Pursuant to the Draft Scheme, Somany Home Innovation Limited ("Resulting Company 1") will issue shares to all the shareholders of the Remaining Undertaking, on a proportionate basis.

- (b) Where the Scheme of Arrangement involves the listed entity and any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group.

Reason: The Draft Scheme relates to the demerger and vesting of certain business undertakings of the Remaining Undertaking to its wholly owned subsidiary, Somany Home Innovation Limited, and to Brilloca Limited, being a wholly owned subsidiary of Somany Home Innovation Limited. The Draft Scheme does not involve the Remaining Undertaking and any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Remaining Undertaking.

- (c) Where the parent listed entity has acquired, either directly or indirectly, the equity shares of the subsidiary from any of the shareholders of the subsidiary who may be Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the parent listed entity, and if that subsidiary is being merged with the parent listed entity under the Scheme.

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, IIIrd 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



Reason: The Draft Scheme does not involve the merger of the subsidiary company with the parent listed company, i.e., the Remaining Undertaking. Resulting Company 1 has been incorporated by the Remaining Undertaking and the Remaining Undertaking holds the entire equity share capital of Resulting Company 1, along with nominee shareholders, from the date of incorporation of Resulting Company 1.

- (d) Where the scheme involving merger of an unlisted entity results in reduction in the voting share of pre-scheme public shareholders of listed entity in the transferee / resulting company by more than 5% of the total capital of the merged entity;

Reason: The Draft Scheme does not involve any merger. Pursuant to the Draft Scheme, all the shareholders of the Remaining Undertaking will be issued shares in Resulting Company 1, in the same proportion in which they hold shares in the Remaining Undertaking.

- (e) Where the scheme involves transfer of whole or substantially the whole of the undertaking of the listed entity and the consideration for such transfer is not in the form of listed equity shares;

Reason: In term of the Draft Scheme, Resulting Company 1 shall issue and allot fully paid up equity shares to the shareholders of the Remaining Undertaking, in the same proportion in which they hold shares in the Remaining Undertaking and such shares issued by Resulting Company 1 will be listed subsequently.

For and on behalf of
HSL Limited

(S.L. Sanania)
Director



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

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T:+91-124-477 9200, Fax +91-124-429 2898 / 99

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HSIL



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



A handwritten signature in black ink, appearing to be "Ankur", written in a cursive style.

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 Twyford 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 L51433WB1960PLC024539. 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 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



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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.



A handwritten signature in dark ink, appearing to be "S. K. Sharma", written diagonally across the bottom right of the page.

- 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.



A handwritten signature in black ink, appearing to be "Ankur Kumar", written in a cursive style.

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



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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,



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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 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;



- (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;



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- (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,



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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 BPDMD 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



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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



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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



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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



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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



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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



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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).



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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.



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- (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,



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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 BPDMD 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 BPDMD 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 BPDMD 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 BPDMD 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



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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



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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



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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;



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- (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, subdivision 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.



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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

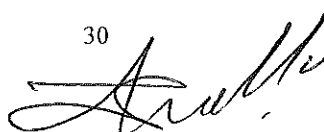
9.2.1 Upon the coming into effect of this Scheme and in consideration of, (a) the demerger of the CPDM Undertaking and the Retail Undertaking into Resulting Company 1; and (b) the demerger of the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, Resulting Company 1 shall, without any 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



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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



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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.

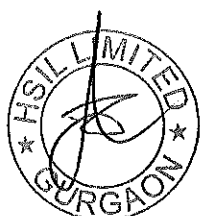
10.2.3 The reduction, if any, under Paragraph 10.2.1(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall 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 BPDMD 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 BPDMD Undertaking shall be reflected at their carrying



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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.



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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.

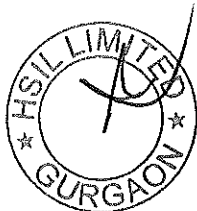


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SCHEDULE I

Registered trademarks forming part of the BPDM Undertaking

Sl. No.	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



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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



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47.	mamma mia	2991255
48.	ebello	2991263
49.	ebello	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



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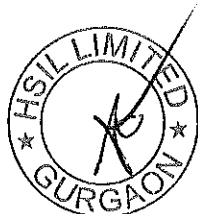
71.	Hindware English Collection	3455654
72.	Hindware French Collection	3455655
73.	Hindware Paris Collection	3455658
74.	HINDWARE SPANISH COLLECTION	3459928
75.	HINDWARE SPANISH COLLECTION	3459929
76.	Hindware Paris Collection	3455649
77.	Hindware English Collection	3455652
78.	Hindware French Collection	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



Arul

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

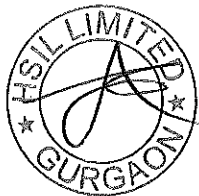
[Handwritten Signature]



SCHEDULE II

Registered trademarks forming part of the CPDM Undertaking

Sl. No.	Trademark	Application Number
1.	SNOWCREST	3201515
2.	MOONBOW EZILI	3297411
3.	MOONBOW ACHELOUS	3297410



A handwritten signature in black ink, appearing to be "Anil Kumar", written in a cursive style.

SCHEDULE III

Registered trademarks and copyrights forming part of the Retail Undertaking

1. Registered trademarks forming part of the Retail Undertaking

Sl. No.	Trademark	Application 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).

A handwritten signature in black ink, appearing to read 'Anil K' with a stylized flourish at the end.

EXTRACTS OF THE MINUTES OF MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY HELD ON FRIDAY, THE 10TH NOVEMBER, 2017 AT OUR CORPORATE OFFICE OF THE COMPANY AT 301-302, PARK CENTRA, NH-8, SECTOR 30, GURUGRAM AT 02:00 P.M.

- A. APPROVAL OF 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, BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**
- B. RATIFICATION OF APPOINTMENT OF SANTOSH K SINGH & CO., CHARTERED ACCOUNTANTS AS VALUERS OF THE COMPANY AND TAKE ON RECORD THE VALUATION REPORT PREPARED BY THEM.**
- C. RATIFICATION OF APPOINTMENT OF FINSHORE MANAGEMENT SERVICES LTD AS MERCHANT BANKER OF THE COMPANY AND TAKE ON RECORD THE FAIRNESS OPINION PREPARED BY THEM.**
- D. APPROVAL FOR AUTHORIZATION OF PERSONNEL OF THE COMPANY FOR UNDERTAKING ACTIVITIES INCIDENTAL AND ANCILLARY TO THE PROPOSED COMPOSITE SCHEME OF ARRANGEMENT**

"RESOLVED THAT pursuant to (a) the provisions of 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; (b) enabling provisions in the Memorandum and Articles of Association of the Company; and (c) recommendation of the Audit Committee of the Company, at their meeting held on 10th November, 2017, and subject to, (i) approval of the requisite majority of the shareholders and creditors of the Company (unless dispensed with as per the order of the Hon'ble National Company Law Tribunal; (ii) such approvals as may be necessary from the Securities &

For HSIL LIMITED

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[Signature]

Company Secretary

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 +91-33-22487406/07, F +91-33-22487045

marketing@hindware.co.in | www.hindwarehomes.com | CIN No. - L51433WB1960PLC024539



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Exchange Board of India ("**SEBI**") and Stock Exchanges where the shares of the Company are listed and any other statutory / regulatory authorities as may be required, including the Competition Commission of India (if required); (iii) compliance with all applicable securities laws, regulations and circulars; and (iv) sanction of the Hon'ble National Company Law Tribunal, the consent of the Board be and is hereby accorded to the composite scheme of arrangement proposed to be entered into amongst the Company (Demerged Company), Somany Home Innovation Limited a wholly owned subsidiary of the Company (the Resulting Company 1), Brilloca Limited, a wholly owned subsidiary of Somany Home Innovation Limited (the Resulting Company 2) and their respective shareholders and creditors ("**Proposed Scheme**"), to demerge (a) the CPDM Undertaking (*as more precisely defined in the Proposed Scheme*) and the Retail Undertaking (*as more precisely defined in the Proposed Scheme*) of the Company to Somany Home Innovation Limited and (b) the BPDM Undertaking (*as more precisely defined in the Proposed Scheme*) of the Company to Brilloca Limited, on a going concern basis, with effect from the Appointed Date (*as defined in the Proposed Scheme*) .

RESOLVED FURTHER THAT the report of Audit Committee dated 10th November, 2017, duly signed by the Chairman of the Audit Committee, recommending the Proposed Scheme, as placed before the Board be and is hereby accepted and noted.

RESOLVED FURTHER THAT the draft of the Composite Scheme of Arrangement, under Sections 230 to 232 read with Section 66 of the Companies Act, 2013, amongst the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company ("**Resulting Company 1**"), Brilloca Limited, a wholly owned subsidiary of Somany Home Innovation Limited ("**Resulting Company 2**") and their respective shareholders and creditors, as recommended by the Audit Committee of the Board, duly initialed by the Chairman of the meeting for the purpose of

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For HSIL LIMITED

Company Secretary

identification, placed before the Board, be and is hereby considered and approved.

RESOLVED FURTHER THAT the undertaking with regard to the non-applicability of requirement as prescribed in the term of Para I(A)(9)(a) of Annexure I of Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 issued by SEBI, in respect of the Proposed Scheme, duly certified by the Statutory Auditors of the Company, i.e. M/s Lodha & Co., Chartered Accountants (Firm Registration No. 301051E), as placed before the Board be and is hereby considered and approved.

RESOLVED FURTHER THAT for the purposes of Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017, issued by SEBI, the draft certificate, prepared by the Statutory Auditors of the Company, i.e. M/s Lodha & Co., Chartered Accountants (Firm Registration No. 301051E), certifying that the accounting treatment contained in the Proposed Scheme is in compliance with all applicable accounting standards, as placed before the Board be and is hereby considered and approved.

RESOLVED FURTHER THAT appointment of Santosh K Singh & Co., Chartered Accountants, as valuers of the Company is hereby ratified and approved and the valuation report dated 8th November, 2017 prepared by them, as placed before the Board, be and is hereby taken on record.

RESOLVED FURTHER THAT appointment of Finshore Management Services Limited, Merchant Banker, is hereby ratified and approved and the fairness opinion dated 9th November, 2017 prepared by Merchant Banker, with respect to valuation of assets/shares of the Company, Somany Home Innovation Limited and Brilloca Limited and share entitlement ratio, as done by the valuer, as placed before the Board, be and is hereby taken on record.

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For HSIL LIMITED


Company Secretary

RESOLVED FURTHER THAT the National Stock Exchange of India Limited be and is hereby chosen as the designated stock exchange for coordinating with SEBI and obtaining SEBI's comments/approval on the Proposed Scheme (including the Observation Letter / No Objection Letter) under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017, issued by SEBI.

RESOLVED FURTHER THAT the consent of the Board be and is hereby accorded for giving consent as a shareholder of Somany Home Innovation Limited a wholly owned subsidiary of the Company ("**Resulting Company 1**"), (i) to the draft Proposed Scheme; (ii) for seeking dispensation from the Hon'ble National Company Law Tribunal from convening/holding the meeting of the shareholders and / or creditors of Resulting Company 1 for the purpose of considering and approving the Proposed Scheme; and (iii) for making any changes in the Proposed Scheme as may be required/approved by the shareholders and/or creditors and/or any authority and/or the Hon'ble National Company Law Tribunal while granting their consent / approval to the Proposed Scheme and which may be acceptable to the Board of Resulting Company 1.

RESOLVED FURTHER THAT Dr. Rajendra Kumar Somany, Chairman and Managing Director, Mr. Sandip Somany, Vice Chairman and Managing Director, Mr. G.L. Sultania, Director, Mr. R.B. Kabra, President (Building Products Division), Mr. Sandeep Sikka, Chief Financial Officer, Mr. Naveen Malik, Associate Vice President - Corporate Finance, Mr. N. K. Goenka, GM - Finance, Mr. Ankur Gupta- Associate Vice President, and Ms. Payal M Puri, Company Secretary of the Company be and are hereby jointly and severally authorised to take all such steps as are necessary in connection with the filing, approval and implementation of the Proposed Scheme, including:

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For HSIL LIMITED


Company Secretary

- a. to take decisions in connection with the Proposed Scheme and to carry out such modifications, revisions, amendments to the draft Proposed Scheme, as may be required by the shareholders, creditors, Hon'ble National Company Law Tribunal, SEBI, Stock Exchanges or any other governmental or regulatory authority;
- b. to sign, file, submit or present the Proposed Scheme, along with ancillary applications, petitions, documents and instruments with the relevant stock exchanges, SEBI, the Hon'ble National Company Law Tribunal and any other governmental or regulatory authority or person, as may be required in connection with the Proposed Scheme, and to do any other act, deed or thing which may be ancillary or incidental to the Proposed Scheme or which may otherwise be required for giving effect to any of the provisions contained in the Proposed Scheme ;
- c. engage and/or authorise advisors including advocates, counsels, chartered accountants, merchant bankers and other persons as may be required in connection with the Proposed Scheme, from time to time.
- d. to provide all information and clarifications to the stock exchanges and SEBI for obtaining approval / observations thereof to the Proposed Scheme and filing all relevant documents with the stock exchanges and SEBI, including valuation report, fairness opinion, audit committee report recommending the Proposed Scheme, pre and post Proposed Scheme shareholding pattern of the Company, auditor's certificate(s), audited financials of the Company, etc., and to obtain/take delivery of the Observation Letter / No Objection Letter from the designated stock exchange;
- e. to represent the Company before the Hon'ble National Company Law Tribunal, stock exchanges, SEBI and any other governmental or regulatory authority, as may be required, and at the shareholders' meeting of Resulting Company 1, in its capacity as the shareholder of the Resulting Company 1 and provide the consent/approval on behalf of the Company as a shareholder of Resulting Company 1 in relation to the Proposed Scheme, as may be necessary;

For HSIL LIMITED

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Company Secretary

- f. to do all such lawful acts, deeds and things as they may be deemed necessary and desirable in connection with the approval and sanction of the said Proposed Scheme by the Hon'ble National Company Law Tribunal, including but not limited to filing of application before the Hon'ble National Company Law Tribunal seeking dispensation of the meeting of the shareholders and creditors of the Company, filing of Observation Letter / No Objection Letter, filing and executing necessary applications, forms, advertisements, notices, vakalatnamas, affidavits, letters, deeds, instruments, etc., as may be required, for the purpose of obtaining approval of the Proposed Scheme from the Hon'ble National Company Law Tribunal;
- g. if the dispensation from holding meetings of shareholders/creditors of the Company is not granted by the Hon'ble National Company Law Tribunal, then to take all steps for calling and holding shareholders' and creditors' meetings through postal ballot and e-voting or physical meeting (as may be required) and filing and executing confirmation petitions, vakalatnams, affidavits, pleadings, advertisements, notices, reports and other applications, documents etc. with the Hon'ble National Company Law Tribunal or any other authority and issuing relevant advertisements, notices, explanatory statements, etc.;
- h. to provide all relevant information and/or file necessary documents with the Hon'ble National Company Law Tribunal with respect to finalization of the list of creditors, list of shareholders, list of properties and investments of the Company;
- i. to suitably inform, apply, make necessary filings and/or represent to the Central and/or State Governments and/or local authorities, including to the Reserve Bank of India, Income Tax Authorities, Official Liquidator, Registrar of Companies, Kolkata, Regional Director, Employees' State Insurance Authority, Employees Provident Fund Authority and all other applicable authorities, agencies and/or to represent the Company before the said authorities and agencies and to sign and submit such application, letters, forms, returns, undertakings, declarations, deeds or documents and to take

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For HSIL LIMITED


Company Secretary

all required steps and actions from time to time in connection with the above;

- j. to provide all relevant information that may be required by the advisors (including lawyers, merchant bankers and chartered accountants), issue reliance letter and / or management representations (as may be required by the advisors) and to obtain necessary certificates/opinions/letters from the advisors (including the auditors);
- k. to make any alterations, amendments or modifications to the Proposed Scheme as they may deem expedient or necessary, at their discretion, or which is necessary for satisfying the requirements or conditions, if any, imposed by the relevant stock exchanges, the Hon'ble National Company Law Tribunal or any other competent authority.
- l. to withdraw or abandon the Proposed Scheme at any stage and to do all such lawful acts, deeds and things as they may be deemed necessary and desirable in connection therewith and incidental thereto;
- m. to incur such other expenses as may be necessary with regard to the Proposed Scheme, including payment of fees of the solicitors, merchant bankers, advisors, registrars and other agencies and such other expenses that may be incidental to the above, as may be decided by them;
- n. to give such direction as they may consider necessary to settle any question or difficulty arising under the Proposed Scheme, or in regard to any meaning or interpretation of the Proposed Scheme, or implementation thereof or in any manner whatsoever connected therewith or to review the position relating to the satisfaction of the various conditions of the Proposed Scheme and, if necessary, waive any of those (to the extent permissible under law).
- o. To give such direction as they may consider necessary to settle any question or difficulty arising under the Proposed Scheme or in regard to the interpretation of the Proposed Scheme or any part thereof or implementation thereof.
- p. Take all such actions and steps in the above matters and to implement the Proposed Scheme, as may be required from time to time;

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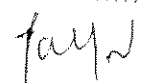
For HSIL LIMITED


Company Secretary

- q. to approve/undertake such actions as may be considered necessary for implementation of the said Proposed Scheme after the same is sanctioned by the Hon'ble National Company Law Tribunal, including but not limited to, obtaining delivery of the order from the National Company Law Tribunal, authorization of entries to be made in the books of account in term of the Proposed Scheme, making filings with the Registrar of Companies Kolkata, stock exchanges, SEBI, depositories (NSDL/CSDL) and/or any other governmental authorities, and to undertake all other actions required for full and effective implementation of the sanctioned Proposed Scheme and to remove and resolve all doubt and difficulties and to do all such lawful acts, deeds and things as they may deem necessary and desirable in connection therewith and incidental thereto;
- r. to fix record date for the purpose of implementation of the sanctioned Proposed Scheme and effect accounting treatment in the books of accounts of the Company;
- s. to make necessary disclosures to the stock exchanges (as may be required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- t. to do all such lawful acts, deeds and things as may be necessary or expedient in connection with the scheme and to sign, execute and deliver all such documents as may be necessary for filing, sanction and implementation of the scheme with the Hon'ble National Company Law Tribunal, if any as required, or the relevant stock exchanges or SEBI or any other governmental or other authority or any person and to comply with directions that may be received from them, in order to give effect to the above mentioned resolutions of the Board; and
- u. to appoint one or more attorney(s) / representatives and delegate to them any or all of the powers or functions entrusted to them under this resolution, as well as to revoke / remove such person and to appoint any other person from time to time to act on their behalf.

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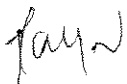
For HSIL LIMITED


Company Secretary

RESOLVED FURTHER THAT the Common Seal of the Company be affixed, to the engrossment of any deeds, agreements, documents, writings and instruments as may be required, in the presence of any Director of the Company in conformity with the provisions of Articles of Association of the Company who shall sign/counter sign the same in token thereof.

RESOLVED FURTHER THAT the Certified copy(ies) of the above resolution duly signed by any Director or Company Secretary of the Company be submitted to the concerned authorities and they be requested to act upon the same."

Certified to be true
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

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

EXTRACTS OF THE MINUTES OF MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY HELD ON FRIDAY, THE 10TH NOVEMBER, 2017 AT 301-302, PARK CENTRA, NH-8, SECTOR 30, GURUGRAM AT 10:00 A.M.

- A. APPROVAL OF 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, BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**
- B. TAKE ON RECORD THE VALUATION REPORT PREPARED BY SANTOSH K SINGH & CO., CHARTERED ACCOUNTANTS**
- C. AUTHORIZATION OF PERSONNEL OF THE COMPANY FOR UNDERTAKING ACTIVITIES INCIDENTAL AND ANCILLARY TO THE PROPOSED COMPOSITE SCHEME OF ARRANGEMENT**

“RESOLVED THAT pursuant to (a) the provisions of 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; (b) enabling provisions in the Memorandum and Articles of Association of the Company; and (i) approval of the requisite majority of the shareholders and creditors of the Company (unless dispensed with as per the order of the National Company Law Tribunal; (ii) such approvals as may be necessary from statutory / regulatory authorities as may be required, including the Competition Commission of India (if required); (iii) compliance with all applicable securities laws, regulations and circulars; and (iv) sanction of the Hon’ble National Company Law Tribunal, the consent of the Board be and is hereby accorded to the composite scheme of arrangement proposed to be entered into amongst (A) the Company, (B) HSIL Limited, the holding company of the Company (“**Demerged Company**”), (C) Brilloca Limited, a wholly owned subsidiary of the Company and their respective shareholders and creditors (“**Proposed Scheme**”), to demerge (a) the CPDM Undertaking (*as more precisely defined in the Proposed Scheme*) and the Retail Undertaking (*as more precisely defined in the Proposed Scheme*) of the Demerged Company to the Company; and (b) the BPDM Undertaking (*as more precisely defined in the Proposed Scheme*) of the Demerged Company to Brilloca Limited, on a going concern basis, with effect from the Appointed Date (*as defined in the Proposed Scheme*).

RESOLVED FURTHER THAT the draft of the Composite Scheme of Arrangement, under Sections 230 to 232 read with Section 66 of the Companies Act, 2013, amongst the Company, the Demerged Company, Brilloca Limited, and their respective shareholders and creditors duly initialed by the Chairman of the meeting for the purpose of identification, placed before the Board, be and is hereby considered and approved.

RESOLVED FURTHER THAT the valuation report dated 8th November, 2017 prepared by Santosh K Singh, Chartered Accountants, as placed before the Board, be and is hereby taken on record and approved.

RESOLVED FURTHER THAT the consent of the Board be and is hereby accorded for giving consent as a shareholder of Brilloca Limited, a wholly owned subsidiary of the Company (“**Resulting Company 2**”), (i) to the draft Proposed Scheme; (ii) for seeking dispensation from



SOMANY HOME INNOVATION LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001

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the Hon'ble National Company Law Tribunal from convening/holding the meeting of the shareholders and / or creditors of Resulting Company 2 for the purpose of considering and approving the Proposed Scheme; and (iii) for making any changes in the Proposed Scheme as may be required/approved by the shareholders and/or creditors and/or any authority and/or the Hon'ble National Company Law Tribunal while granting their consent / approval to the Proposed Scheme and which may be acceptable to the Board of Resulting Company 2.

RESOLVED FURTHER THAT Mr. Sandip Somany, Director, Mr. G.L. Sultania, Director, and Mr. Niranjana Kumar Goenka, Director of the Company be and are hereby severally authorised to take all such steps as are necessary in connection with the filing, approval and implementation of the Proposed Scheme, including:

- a. to take decisions in connection with the Proposed Scheme and to carry out such modifications, revisions, amendments to the draft Proposed Scheme, as may be required by the shareholders, creditors, Hon'ble High National Company Law Tribunal, SEBI, Stock Exchanges or any other governmental or regulatory authority;
- b. to sign, file, submit or present the Proposed Scheme, along with ancillary applications, petitions, documents and instruments with the relevant stock exchanges, SEBI, the Hon'ble National Company Law Tribunal and any other governmental or regulatory authority or person, as may be required in connection with the Proposed Scheme, and to do any other act, deed or thing which may be ancillary or incidental to the Proposed Scheme or which may otherwise be required for giving effect to any of the provisions contained in the Proposed Scheme ;
- c. engage and/or authorise advisors including advocates, counsels, chartered accountants, merchant bankers and other persons as may be required in connection with the Proposed Scheme, from time to time;
- d. to provide all information and clarifications to the stock exchanges and SEBI for obtaining approval / observations thereof to the Proposed Scheme and filing all relevant documents with the stock exchanges and SEBI;
- e. to represent the Company before the Hon'ble National Company Law Tribunal, stock exchanges, SEBI and any other governmental or regulatory authority, as may be required, and at the shareholders' meeting of Resulting Company 2, in its capacity as the shareholder of the Resulting Company 2 and provide the consent/approval on behalf of the Company as a shareholder of Resulting Company 2 in relation to the Proposed Scheme, as may be necessary;
- f. to do all such lawful acts, deeds and things as they may be deemed necessary and desirable in connection with the approval and sanction of the said Proposed Scheme by the Hon'ble National Company Law Tribunal, including but not limited to filing of application before the Hon'ble National Company Law Tribunal seeking dispensation of the meeting of the shareholders and creditors of the Company, filing of Observation Letter / No Objection Letter, filing and executing necessary applications, forms, advertisements, notices, vakalatnamas, affidavits, letters, deeds, instruments, etc., as may be required, for the purpose of obtaining approval of the Proposed Scheme from the Hon'ble National Company Law Tribunal;



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- g. if the dispensation from holding meetings of shareholders/creditors of the Company is not granted by the Hon'ble National Company Law Tribunal, then to take all steps for calling and holding shareholders' and creditors' meetings through postal ballot and e-voting or physical meeting (as may be required) and filing and executing confirmation petitions, vakalatnams, affidavits, pleadings, advertisements, notices, reports and other applications, documents etc. with the Hon'ble National Company Law Tribunal or any other authority and issuing relevant advertisements, notices, explanatory statements, etc.;
- h. to provide all relevant information and/or file necessary documents with the Hon'ble National Company Law Tribunal with respect to finalization of the list of creditors, list of shareholders, list of properties and investments of the Company;
- i. to suitably inform, apply, make necessary filings and/or represent to the Central and/or State Governments and/or local authorities, including to the Reserve Bank of India, Income Tax Authorities, Official Liquidator, Registrar of Companies, Kolkata, Regional Director, Employees' State Insurance Authority, Employees Provident Fund Authority and all other applicable authorities, agencies and/or to represent the Company before the said authorities and agencies and to sign and submit such application, letters, forms, returns, undertakings, declarations, deeds or documents and to take all required steps and actions from time to time in connection with the above;
- j. to provide all relevant information that may be required by the advisors (including lawyers, merchant bankers and chartered accountants), issue reliance letter and / or management representations (as may be required by the advisors) and to obtain necessary certificates/opinions/letters from the advisors (including the auditors);
- k. to make any alterations, amendments or modifications to the Proposed Scheme, as per the terms of the Proposed Scheme, as they may deem expedient or necessary, at their discretion, or which is necessary for satisfying the requirements or conditions, if any, imposed by the relevant stock exchanges, the Hon'ble National Company Law Tribunal or any other competent authority;
- l. to withdraw or abandon the Proposed Scheme at any stage, as per the terms of the Proposed Scheme, and to do all such lawful acts, deeds and things as they may be deemed necessary and desirable in connection therewith and incidental thereto;
- m. to incur such other expenses as may be necessary with regard to the Proposed Scheme, including payment of fees of the solicitors, merchant bankers, advisors, registrars and other agencies and such other expenses that may be incidental to the above, as may be decided by them;
- n. to give such direction as they may consider necessary to settle any question or difficulty arising under the Proposed Scheme, or in regard to any meaning or interpretation of the Proposed Scheme, or implementation thereof or in any manner whatsoever connected therewith or to review the position relating to the satisfaction of the various conditions of the Proposed Scheme and, if necessary, waive any of those (to the extent permissible under law), as per the terms of the Proposed Scheme;
- o. take all such actions and steps in the above matters and to implement the Proposed Scheme, as may be required from time to time;



SOMANY HOME INNOVATION LIMITED

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Email: ngoenka@hindware.co.in

- p. to approve/undertake such actions as may be considered necessary for implementation of the said Proposed Scheme after the same is sanctioned by the Hon'ble National Company Law Tribunal, including but not limited to, obtaining delivery of the order from the National Company Law Tribunal, authorization of entries to be made in the books of account in term of the Proposed Scheme, making filings with the Registrar of Companies Kolkata, stock exchanges, SEBI, depositories (NSDL/CSDL) and/or any other governmental authorities, and to undertake all other actions required for full and effective implementation of the sanctioned Proposed Scheme and to remove and resolve all doubt and difficulties and to do all such lawful acts, deeds and things as they may deem necessary and desirable in connection therewith and incidental thereto;
- q. to do all such lawful acts, deeds and things as may be necessary or expedient in connection with the scheme and to sign, execute and deliver all such documents as may be necessary for filing, sanction and implementation of the scheme with the Hon'ble National Company Law Tribunal, if any as required, or the relevant stock exchanges or SEBI or any other governmental or other authority or any person and to comply with directions that may be received from them, in order to give effect to the above mentioned resolutions of the Board; and
- r. to appoint one or more attorney(s) / representatives and delegate to them any or all of the powers or functions entrusted to them under this resolution, as well as to revoke / remove such person and to appoint any other person from time to time to act on their behalf.

RESOLVED FURTHER THAT the Common Seal of the Company be affixed, to the engrossment of any deeds, agreements, documents, writings and instruments as may be required, in the presence of any Director of the Company in conformity with the provisions of Articles of Association of the Company who shall sign/counter sign the same in token thereof.

RESOLVED FURTHER THAT the Certified copy(ies) of the above resolution duly signed by any Director or Company Secretary of the Company be submitted to the concerned authorities and they be requested to act upon the same."

Certified to be true

FOR SOMANY HOME INNOVATION LIMITED


For Somany Home Innovation Limited
Niranjana Kumar Goenka
(Director)

Name: Niranjana Kumar Goenka
Address: Prasad Exotica, Block –VI, Flat No. 2F, 2nd Floor, 71/3, Canal Circular Road, Kolkata - 700054
DIN: 00060684

BRILLOCA LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001

CIN: U74999WB2017PLC223307

T- +91-33-2248 7407/5668

Email: ngoenka@hindware.co.in

EXTRACTS OF THE MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE COMPANY HELD ON FRIDAY, 10TH NOVEMBER, 2017 AT 301-302, PARK CENTRA, SECTOR 30, NH-8, GURUGRAM-122001 AT 09:00 A|M

- A. APPROVAL OF 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, BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
- B. TAKE ON RECORD THE VALUATION REPORT PREPARED BY SANTOSH K SINGH & CO., CHARTERED ACCOUNTANTS
- C. AUTHORIZATION OF PERSONNEL OF THE COMPANY FOR UNDERTAKING ACTIVITIES INCIDENTAL AND ANCILLARY TO THE PROPOSED COMPOSITE SCHEME OF ARRANGEMENT

“RESOLVED THAT pursuant to (a) the provisions of 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; (b) enabling provisions in the Memorandum and Articles of Association of the Company; and (i) approval of the requisite majority of the shareholders and creditors of the Company (unless dispensed with as per the order of the National Company Law Tribunal; (ii) such approvals as may be necessary from statutory / regulatory authorities as may be required, including the Competition Commission of India (if required); (iii) compliance with all applicable securities laws, regulations and circulars; and (iv) sanction of the Hon’ble National Company Law Tribunal, the consent of the Board be and is hereby accorded to the composite scheme of arrangement proposed to be entered into amongst (A) HSIL Limited (“**Demerged Company**”), (B) Somany Home Innovation Limited, a wholly owned subsidiary of the Demerged Company (“**Resulting Company 1**”), and (C) the Company, a wholly owned subsidiary of Resulting Company 1 and their respective shareholders and creditors (“**Proposed Scheme**”), to demerge (a) the CPDM Undertaking (*as more precisely defined in the Proposed Scheme*) and the Retail Undertaking (*as more precisely defined in the Proposed Scheme*) of the Demerged Company to Resulting Company 1; and (b) the BPDM Undertaking (*as more precisely defined in the Proposed Scheme*) of the Demerged Company to the Company, on a going concern basis, with effect from the Appointed Date (*as defined in the Proposed Scheme*) .

RESOLVED FURTHER THAT the draft of the Composite Scheme of Arrangement, under Sections 230 to 232 read with Section 66 of the Companies Act, 2013, amongst the Company, the Demerged Company, Resulting Company 1 and their respective shareholders and creditors,, duly initialed by the Chairman of the meeting for the purpose of identification, placed before the Board, be and is hereby considered and approved.



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RESOLVED FURTHER THAT the valuation report dated 8th November, 2017 from Santosh K Singh, Chartered Accountants (“**Valuer**”), as placed before the Board, be and is hereby taken on record and approved.

RESOLVED FURTHER THAT Mr. Sandip Somany, Director, Mr. G.L. Sultania, Director, and Mr. Niranjan Kumar Goenka, Director of the Company be and are hereby severally authorised to take all such steps as are necessary in connection with the filing, approval and implementation of the Proposed Scheme, including:

- a. to take decisions in connection with the Proposed Scheme and to carry out such modifications, revisions, amendments to the draft Proposed Scheme, as may be required by the shareholders, creditors, Hon’ble High National Company Law Tribunal, SEBI, Stock Exchanges or any other governmental or regulatory authority;
- b. to sign, file, submit or present the Proposed Scheme, along with ancillary applications, petitions, documents and instruments with the relevant stock exchanges, SEBI, the Hon’ble National Company Law Tribunal and any other governmental or regulatory authority or person, as may be required in connection with the Proposed Scheme, and to do any other act, deed or thing which may be ancillary or incidental to the Proposed Scheme or which may otherwise be required for giving effect to any of the provisions contained in the Proposed Scheme ;
- c. engage and/or authorise advisors including advocates, counsels, chartered accountants, merchant bankers and other persons as may be required in connection with the Proposed Scheme, from time to time;
- d. to provide all information and clarifications to the stock exchanges and SEBI for obtaining approval / observations thereof to the Proposed Scheme and filing all relevant documents with the stock exchanges and SEBI;
- e. to do all such lawful acts, deeds and things as they may be deemed necessary and desirable in connection with the approval and sanction of the said Proposed Scheme by the Hon’ble National Company Law Tribunal, including but not limited to filing of application before the Hon’ble National Company Law Tribunal seeking dispensation of the meeting of the shareholders and creditors of the Company, filing of Observation Letter / No Objection Letter, filing and executing necessary applications, forms, advertisements, notices, vakalatnamas, affidavits, letters, deeds, instruments, etc., as may be required, for the purpose of obtaining approval of the Proposed Scheme from the Hon’ble National Company Law Tribunal;
- f. if the dispensation from holding meetings of shareholders/creditors of the Company is not granted by the Hon’ble National Company Law Tribunal, then to take all steps for calling and holding shareholders’ and creditors’ meetings through postal ballot and e-voting or physical meeting (as may be required) and filing and executing confirmation petitions, vakalatnams, affidavits, pleadings, advertisements, notices, reports and other applications, documents etc. with the Hon’ble National Company Law Tribunal or any other authority and issuing relevant advertisements, notices, explanatory statements, etc.;



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- g. to provide all relevant information and/or file necessary documents with the Hon'ble National Company Law Tribunal with respect to finalization of the list of creditors, list of shareholders, list of properties and investments of the Company;
- h. to suitably inform, apply, make necessary filings and/or represent to the Central and/or State Governments and/or local authorities, including to the Reserve Bank of India, Income Tax Authorities, Official Liquidator, Registrar of Companies, Kolkata, Regional Director, Employees' State Insurance Authority, Employees Provident Fund Authority and all other applicable authorities, agencies and/or to represent the Company before the said authorities and agencies and to sign and submit such application, letters, forms, returns, undertakings, declarations, deeds or documents and to take all required steps and actions from time to time in connection with the above;
- i. to provide all relevant information that may be required by the advisors (including lawyers, merchant bankers and chartered accountants), issue reliance letter and / or management representations (as may be required by the advisors) and to obtain necessary certificates/opinions/letters from the advisors (including the auditors);
- j. to make any alterations, amendments or modifications to the Proposed Scheme, as per the terms of the Proposed Scheme, as they may deem expedient or necessary, at their discretion, or which is necessary for satisfying the requirements or conditions, if any, imposed by the relevant stock exchanges, the Hon'ble National Company Law Tribunal or any other competent authority;
- k. to withdraw or abandon the Proposed Scheme at any stage, as per the terms of the Proposed Scheme, and to do all such lawful acts, deeds and things as they may be deemed necessary and desirable in connection therewith and incidental thereto;
- l. to incur such other expenses as may be necessary with regard to the Proposed Scheme, including payment of fees of the solicitors, merchant bankers, advisors, registrars and other agencies and such other expenses that may be incidental to the above, as may be decided by them;
- m. to give such direction as they may consider necessary to settle any question or difficulty arising under the Proposed Scheme, or in regard to any meaning or interpretation of the Proposed Scheme, or implementation thereof or in any manner whatsoever connected therewith or to review the position relating to the satisfaction of the various conditions of the Proposed Scheme and, if necessary, waive any of those (to the extent permissible under law), as per the terms of the Proposed Scheme;
- n. Take all such actions and steps in the above matters and to implement the Proposed Scheme, as may be required from time to time;
- o. to approve/undertake such actions as may be considered necessary for implementation of the said Proposed Scheme after the same is sanctioned by the Hon'ble National Company Law Tribunal, including but not limited to, obtaining delivery of the order from the National Company Law Tribunal, authorization of entries to be made in the books of account in term of the Proposed Scheme, making filings with the Registrar of Companies Kolkata, stock exchanges, SEBI, depositories (NSDL/CSDL) and/or any other governmental authorities, and to undertake all other actions required for full and effective implementation of the sanctioned



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Proposed Scheme and to remove and resolve all doubt and difficulties and to do all such lawful acts, deeds and things as they may deem necessary and desirable in connection therewith and incidental thereto;

- p. to do all such lawful acts, deeds and things as may be necessary or expedient in connection with the scheme and to sign, execute and deliver all such documents as may be necessary for filing, sanction and implementation of the scheme with the Hon'ble National Company Law Tribunal, if any as required, or the relevant stock exchanges or SEBI or any other governmental or other authority or any person and to comply with directions that may be received from them, in order to give effect to the above mentioned resolutions of the Board; and
- q. to appoint one or more attorney(s) / representatives and delegate to them any or all of the powers or functions entrusted to them under this resolution, as well as to revoke / remove such person and to appoint any other person from time to time to act on their behalf.

RESOLVED FURTHER THAT the Common Seal of the Company be affixed, to the engrossment of any deeds, agreements, documents, writings and instruments as may be required, in the presence of any Director of the Company in conformity with the provisions of Articles of Association of the Company who shall sign/counter sign the same in token thereof.

RESOLVED FURTHER THAT the Certified copy(ies) of the above resolution duly signed by any Director or Company Secretary of the Company be submitted to the concerned authorities and they be requested to act upon the same."

Certified to be true

FOR BRILLOCA LIMITED

For BRILLOCA LIMITED

Niranjan Kumar Goenka

(Director) Authorised Signatory/Director

Name: Niranjan Kumar Goenka

Address: Prasad Exotica, Block –VI, Flat No. 2F, 2nd Floor, 71/3, Canal Circular Road, Kolkata - 700054

DIN: 00060684

**LODHA
& CO**

Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
Fax : 91 11 23345168 / 23314309
E-mail : delhi@lodhaco.com

Certificate on Pre Demerger and indicative Post Demerger Net Worth

The Board of Directors
HSIL Limited
2, Red Cross Place,
Kolkata 700 001,
West Bengal, India

1. This Certificate is issued in accordance with the terms of engagement vide letter dated 10th November, 2017 with, HSIL Limited (hereinafter "**the Company**").
2. At the request of the Company, we have examined the accompanying statement of computation of pre demerger and indicative post demerger Net Worth of the Company as at March 31, 2017 (hereinafter referred together as "**the Statement**"), which we have initialed for identification purposes only, in connection with the proposed composite scheme of arrangement proposed amongst the Company, Somany Home Innovation Limited, Brilloca Limited and their respective shareholders and creditors, in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("**Draft Scheme**"). The Statement is required in connection with the requirements of the stock exchanges for the onward submission of the Draft Scheme proposed to be filed under Sections 230-232 and other applicable provisions of the Companies Act, 2013.
3. The Draft Scheme provides for the demerger of the Consumer Products Distribution and Marketing Undertaking or CPDM Undertaking (as more particularly described in the Draft Scheme) and the Retail Undertaking (as more particularly described in the Draft Scheme) of the Company to Somany Home Innovation Limited and demerger of the Building Products Manufacturing Undertaking or the BPDM Undertaking of the Company (as more particularly described in the Scheme) to Brilloca Limited, each with effect from the Appointed Date, i.e., April 1, 2018, in accordance with the terms and conditions as stated in the Draft Scheme. The CPDM Undertaking, Retail Undertaking and BPDM Undertaking of the Company shall be collectively referred to as the "**Demerged Undertakings**". The assets, businesses and liabilities of the Company, other than the Demerged Undertakings, shall be referred to as the "**Remaining Undertaking**".
4. We report that, given that the Appointed Date is defined in the Draft Scheme to mean "April 1, 2018 or such other date as the Hon'ble Tribunal may direct", we are not in a position to quantify the indicative pre demerger and indicative post demerger net worth of the Company as on the Appointed Date and accordingly do not report on the same. However, for the purposes of this Certificate, we have considered the figures of book values of assets and liabilities as per the audited (audited by preceding auditor in respect of which management of the company have made available unqualified audit report) financial statements as at March 31, 2017 of the Company, in relation to Demerged Undertakings and Remaining Undertaking, which are as represented to us by the management of the Company, to arrive at the combined net-worth as per the book value, pre demerger and post demerger.
5. For this purpose we have carried out arithmetical accuracy only and above data/information are based on certain assumptions/assessment/ estimation as considered necessary by the management

Management's Responsibility for the Statement

6. The preparation of the Statement is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
7. The management is also responsible for ensuring that the Company complies with the

For HSIL LIMITED

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Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur



requirements of the applicable SEBI Circulars and the Companies Act, 2013, in relation to the Scheme and for providing all the information to SEBI and the Stock Exchanges.

Auditor's Responsibility

8. Our responsibility to provide a reasonable assurance whether:
 - (a) the amounts in the Statement that form part of the pre demerger and indicative post demerger Net Worth computation, as at March 31, 2017, have been accurately extracted from the audited financial statements of the Company as at, and for the year ended, March 31, 2017 (as mentioned in Paragraph 2 above) and the computation of net worth is arithmetically correct; and
 - (b) the computation of net worth is in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013, except that, pending approval of the Scheme, the Company has considered the book values of the Company as per its audited financial statements as at March 31, 2017 in arriving at the indicative post demerger net worth of the Company.
9. The audited financial statements as at, and for the year ended, March 31, 2017 of the Company, referred to in Paragraph 2 above, have not been audited by us. We have relied upon the audited financial statements, for the year ended March 31, 2017, as audited by the previous statutory auditors of the Company. We have only carried upon the procedures as decided in our terms of engagement on the audited financial statements for year ended March 31, 2017.
10. We conducted our examination of the Statement in accordance with the revised 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.
11. 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.
12. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting criteria mention in Paragraph 8 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the Statement:
 - (a) Traced and agreed the account balances (Equity Share Capital, Other Equity) used in the computation of the pre demerger net worth in the attached Statement, to the audited financial statement of Company as at and for the year ended March 31, 2017 prepared under Indian Accounting Standards (IND AS), which has been audited by another firm of Chartered Accountants.
 - (b) Traced and agreed the amounts for the indicative post demerger net worth in attached Statement, to the audited financial statements of the Company, in relation to the Demerged Undertakings and the Remaining Undertaking, as at and for the year ended March 31, 2017 prepared under Ind AS, which has been audited by another firm of Chartered Accountants. We have solely relied on the book values as per the financial statements audited by another firm of Chartered Accountants, and not performed any procedures for determining completeness and appropriateness of book values extracted in the statement of indicative post demerger net worth, relating to the Company.
 - (c) Read the certified copy of the Scheme, as approved by the Board of Directors of the Company, at its meeting held on 10th November, 2017.
 - (d) Have obtained management representation from the Company, including relating to the book values of certain assets, which as represented to us by the management of the



Company, and are not proposed to be demerged in Somany Home Innovation Limited and Brilloca Limited. In this regard, we have solely relied on management representation of the Company and have not performed any additional procedures.

- (e) Tested the arithmetical and clerical accuracy of the Statement.
- (f) The pre demerger and indicative post demerger net worth of the Company has been arrived at on the basis of balances in the books of the Company as on March 31, 2017 and will undergo changes on the effective date of implementation of the Scheme on account of profit / (loss) during the intervening period (From April 1, 2017 to the effective date) and the accounting of the Scheme as per Ind AS 103 - Business Combinations, including determination of fair values of the assets and liabilities of the Company as on the effective date, and issue of equity shares by the Company to the shareholders of the Transferor Company in the approved equity shares swap ratio


Opinion

13. Based on our examination, as above, and the information and explanations given to us and read with the matter stated in Paragraphs 11(d) and 11 (f) above, we are of the opinion that the amounts that form part of the computation of the pre demerger net worth as at March 31, 2017 of Rs. 1134.02 crore and indicative post-demerger net worth as at March 31, 2017 of Rs. 894.70 crore, as per the Statement prepared by the management, have been accurately extracted from the respective audited financial statements of the Company for the year ended March 31, 2017; and that the computation of indicative net worth in the Statement is mathematically accurate and is in all material respects, in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013.

Restriction on Use

14. This certificate is issued at the request of the Company for onward submission to the BSE Limited and the National Stock Exchange of India Limited and any other regulatory authority as required under applicable law. This certificate should not be used for any other purpose without our prior written consent.

For LODHA & CO
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. 301051E


(GAURAV LODHA)
PARTNER
MEMBERSHIP NO. 507462



PLACE : New Delhi
DATE : 10th November 2017

Statement of computation of pre-demerger and post-demerger Net worth of Companies involved in the Scheme

(a) Pre demerger and post demerger net worth of HSIL Limited ("Company")

Rs. Crore			
Particulars		Pre Demerger	Post Demerger
Equity Share Capital	A	14.46	14.46
Other Equity (Excluding Revaluation Reserves)			
Security Premium		454.98	342.70
Capital Reserve		0.81	0.81
Capital Redemption Reserve		0.15	0.15
General Reserve*		149.04	148.98
Other Comprehensive Income		(0.29)	(0.22)
Surplus in Profit & Loss A/c		514.87	387.82
Total Free Reserves excluding Revaluation Reserve	B	1,119.56	880.24
Less:			
Miscellaneous Expenditure	C	-	-
Deferred Revenue Expenditure not written off	D	-	-
Net-worth	A+B-C-D	1,134.02	894.70

*General Reserve (Post Demerger) includes reserves of Rs. 36.72 crore, arising due to demerger which shall be considered for net worth calculation for regulatory purposes.

HSIL Limited

(An ISO 9001 14001 OHSAS 18001 Certified Company)
CIN : L51433WB1960PLC024539

Registered Office:

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Kolkata, West Bengal - 700 001 India,
T +91-33-2248 7406 / 07, Fax: +91-33-2248 7045

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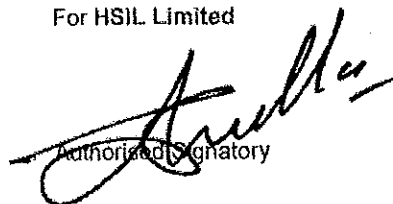
HSIL



Notes:

1. The net worth of the Company has been arrived at on the basis of balances in the audited financial statements of the Company, as on March 31, 2017. The pre demerger and post demerger net worth are considered 'indicative' as the Appointed Date is defined in the Scheme to mean "April 1, 2018 or such other date as the Hon'ble National Company Law Tribunal may direct" and it would not be possible for the management to appropriately quantify the figures for the prospective date. Further, these figures will undergo changes on the effective date of implementation of the Scheme. Hence the management has considered the book values of the assets and liabilities of the Company as per its audited financial statements as on March 31, 2017 to compute the pre demerger and indicative post demerger net worth above.
2. The figures stated above have been arrived at based on the figures extracted by the management from the audited financial statements of the Company as at March 31, 2017 and are based on certain assumptions/assessments/ estimation as considered necessary by the management.
3. "Net worth" for the above computation purposes, as per Section 2(57) of the Companies Act, 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

For HSIL Limited


Authorized Signatory



HSIL Limited

(An ISO 9001 14001 OHSAS 18001 Certified Company)
CIN : L51433WB1960PLC024539

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Corporate Office:

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HSIL



Certificate on Pre Demerger and Indicative Post Demerger Net Worth

The Board of Directors
Somany Home Innovation Limited
2, Red Cross Place,
Kolkata 700 001,
West Bengal, India

1. This Certificate is issued in accordance with the terms of engagement vide letter dated 10th November, 2017 with Somany Home Innovation Limited (hereinafter "**the Company**").
2. At the request of the Company, we have examined the accompanying statement of computation of pre demerger and indicative post demerger Net Worth of the Company as at March 31, 2017 (hereinafter referred together as "**the Statement**"), which we have initialed for identification purposes only, in connection with the proposed composite scheme of arrangement proposed amongst the HSIL Limited, the Company, Brilloca Limited and their respective shareholders and creditors, in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("**Draft Scheme**"). The Statement is required in connection with the requirements of the stock exchanges for the onward submission of the Draft Scheme proposed to be filed under Sections 230-232 and other applicable provisions of the Companies Act, 2013.
3. The Draft Scheme provides for the demerger of the Consumer Products Distribution and Marketing Undertaking or CPDM Undertaking (as more particularly described in the Draft Scheme) and the Retail Undertaking (as more particularly described in the Draft Scheme) of HSIL Limited to the Company and demerger of the Building Products Manufacturing Undertaking or the BPDM Undertaking of the HSIL Limited (as more particularly described in the Draft Scheme) to Brilloca Limited, each with effect from the Appointed Date, i.e., April 1, 2018, in accordance with the terms and conditions as stated in the Draft Scheme. The CPDM Undertaking, Retail Undertaking and BPDM Undertaking of the HSIL Limited shall be collectively referred to as the "**Demerged Undertakings**". The assets, businesses and liabilities of the HSIL Limited, other than the Demerged Undertakings, shall be referred to as the "**Remaining Undertaking**".
4. We report that, given that the Appointed Date is defined in the Draft Scheme to mean "April 1, 2018 or such other date as the Hon'ble Tribunal may direct", we are not in a position to quantify the pre demerger and indicative post demerger net worth of the Company as on the Appointed Date and accordingly do not report on the same. However, for the purposes of this Certificate, we have considered the figures of book values of assets and liabilities as per the audited (audited by preceding auditor in respect of which management of the company have made available unqualified audit report) financial statements as at March 31, 2017 of HSIL Limited, in relation to Demerged Undertakings and Remaining Undertaking, which are as represented to us by the management of the Company and HSIL Limited, to arrive at the combined net-worth as per the book value, pre demerger and post demerger.
5. For this purpose we have carried out arithmetical accuracy only and above data/information are based on certain assumptions/assessment/estimation as considered necessary by the management.

Management's Responsibility for the Statement

6. The preparation of the Statement is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
7. The management is also responsible for ensuring that the Company complies with the



requirements of the applicable SEBI Circulars and the Companies Act, 2013, in relation to the Scheme and for providing all the information to SEBI and the Stock Exchanges.

Auditor's Responsibility

8. Our responsibility to provide a reasonable assurance whether:

- (a) the amounts in the Statement that form part of the pre demerger and indicative post demerger Net Worth computation, as at March 31, 2017, have been accurately extracted from the audited financial statements of HSIL Limited as at, and for the year ended, March 31, 2017 (as mentioned in Paragraph 2 above) and management certified Financial Statements of Company as on September 28th 2017 and the computation of net worth is arithmetically correct; and
- (b) the computation of net worth is in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013, except that, pending approval of the Scheme, the Company has considered the book values of the CPDM Undertaking and Retail Undertaking of HSIL Limited as per its audited financial statements as at March 31, 2017 in arriving at the indicative post demerger net worth of the Company.

9. The audited financial statements as at, and for the year ended, March 31, 2017 of the HSIL Limited, referred to in Paragraph 8 above, have not been audited by us. We have relied upon the audited financial statements, for the year ended March 31, 2017, as audited by the previous statutory auditors of the HSIL Limited. We have only carried upon the procedures as decided in our terms of engagement on the audited financial statements for year ended March 31, 2017.

10. We conducted our examination of the Statement in accordance with the revised 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.

11. 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.

12. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting criteria mention in Paragraph 8 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the Statement:

- (a) Traced and agreed the account balances (Equity Share Capital, Other Equity) used in the computation of the pre demerger net worth in the attached Statement, to the management certified financial statement of the Company as at 28th September 2017 prepared under Indian Accounting Standards (IND AS), which has been not been audited by us .
- (b) Traced and agreed the amounts for the indicative post demerger net worth in attached Statement, to the audited financial statements of HSIL Limited, in relation to the Demerged Undertakings and the Remaining Undertaking, as at and for the year ended March 31, 2017 prepared under Ind AS, which has been audited by another firm of Chartered Accountants. We have solely relied on the book values as per the financial statements audited by another firm of Chartered Accountants, and not performed any procedures for determining completeness and appropriateness of book values extracted in the statement of indicative post demerger net worth, relating to the Company.
- (c) Read the certified copy of the Draft Scheme, as approved by the Board of Directors of the Company, at its meeting held on 10th November, 2017.
- (d) Have obtained management representation from the Company, including relating to the book values of certain assets, which as represented to us by the management of the Company, and are not proposed to be demerged in Brilloca Limited and which are



remaining in HSIL Limited. In this regard, we have solely relied on management representation of the Company and have not performed any additional procedures.

- (e) Tested the arithmetical and clerical accuracy of the Statement.
- (f) The pre demerger and indicative post demerger net worth of the Company has been arrived at on the basis of balances in the books of the HSIL Limited as on March 31, 2017 and the books of Company and will undergo changes on the effective date of implementation of the Draft Scheme on account of profit / (loss) during the intervening period (From April 1, 2017 to the effective date) and the accounting of the Draft Scheme as per Ind AS 103 - Business Combinations, including determination of fair values of the assets and liabilities of the Company as on the effective date. and issue of equity shares by the Company to the shareholders of the HSIL Limited in the approved equity shares swap ratio

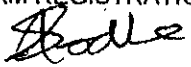
Opinion

13. Based on our examination, as above, and the information and explanations given to us and read with the matter stated in Paragraphs 11(d) and 11 (f) above, we are of the opinion that the amounts that form part of the computation of the pre demerger net worth as at September 28th 2017 of Rs. 0.10 crore and indicative post-demerger net worth as at March 31, 2017 of Rs. 85.06 crore, as per the Statement prepared by the management, have been accurately extracted from the respective audited financial statements of the HSIL Limited for the year ended March 31, 2017 and management certified Financial Statements of the Company; and that the computation of indicative net worth in the Statement is mathematically accurate and is in all material respects, in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013.

Restriction on Use

14. This certificate is issued at the request of the Company for onward submission to the BSE Limited and the National Stock Exchange of India Limited and any other regulatory authority as required under applicable law. This certificate should not be used for any other purpose without our prior written consent.

For LODHA & CO
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. 301051E


(GAURAV LODHA)
PARTNER
MEMBERSHIP NO. 507462



PLACE : NEW DELHI
DATE : 10th November 2017

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


Pre demerger and post demerger net worth of Somany Home Innovation Limited
("Resulting Company 1")

Rs. Crore			
Particulars		Pre Demerger	Post Demerger
Equity Share Capital	A	0.10	14.46
Other Equity (Excluding Revaluation Reserves)			
Security Premium		-	12.45
General Reserve		-	13.06
Other Comprehensive Income		-	(0.03)
Surplus in Profit & Loss A/c		-	45.12
Total Free Reserves excluding Revaluation Reserve	B	-	70.60
Less:			
Miscellaneous Expenditure	C	-	-
Deferred Revenue Expenditure not written off	D	-	-
Net-worth	A+B-C-D	0.10	95.06

Notes:

1. As Resulting Company 1 has been incorporated on September 28, 2017, audited financial statements for Resulting Company 1 are not available and the pre demerger net worth figures stated above represent the paid-up share capital of Resulting Company 1 at incorporation. Further, the post demerger net worth figures of Resulting Company 1 have been calculated using the net worth of the CPDM Undertaking and Retail Undertaking of HSIL Limited, as per the book values in the audited financial statements of HSIL Limited, as on 31 March 2017.
2. The pre demerger and post demerger net worth are considered 'indicative' as the Appointed Date is defined in the Scheme to mean "April 1, 2018 or such other date as the Hon'ble Tribunal may direct" and it would not be possible for the management to appropriately quantify the figures for the prospective date. Further, these figures will undergo changes on the effective date of implementation of the Scheme. Hence the management has considered the book values of the assets and liabilities of the Company as per its audited financial statements as on March 31, 2017 and are based on certain assumptions/assessments/ estimation as considered necessary by the management to compute the Indicative post demerger net worth above.

For Somany Home Innovation Limited


Authorised Signatory



Certificate on Pre Demerger and indicative Post Demerger Net Worth

The Board of Directors
Brilloca Limited
2, Red Cross Place,
Kolkata 700 001,
West Bengal, India

1. This Certificate is issued in accordance with the terms of engagement vide letter dated 10th November, 2017 with, Brilloca Limited (hereinafter "**the Company**").
2. At the request of the Company, we have examined the accompanying statement of computation of pre demerger and indicative post demerger Net Worth of the Company as at March 31, 2017 (hereinafter referred together as "**the Statement**"), which we have initialed for identification purposes only, in connection with the proposed composite scheme of arrangement proposed amongst the HSIL Limited, Somany Home Innovation Limited, the Company and their respective shareholders and creditors, in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("**Draft Scheme**"). The Statement is required in connection with the requirements of the stock exchanges for the onward submission of the Draft Scheme proposed to be filed under Sections 230-232 and other applicable provisions of the Companies Act, 2013.
3. The Draft Scheme provides for the demerger of the Consumer Products Distribution and Marketing Undertaking or CPDM Undertaking (as more particularly described in the Draft Scheme) and the Retail Undertaking (as more particularly described in the Draft Scheme) of the HSIL Limited to Somany Home Innovation Limited and demerger of the Building Products Manufacturing Undertaking or the BPDM Undertaking of the HSIL Limited (as more particularly described in the Scheme) to the Company, each with effect from the Appointed Date, i.e., April 1, 2018, in accordance with the terms and conditions as stated in the Draft Scheme. The CPDM Undertaking, Retail Undertaking and BPDM Undertaking of the HSIL Limited shall be collectively referred to as the "**Demerged Undertakings**". The assets, businesses and liabilities of the HSIL Limited, other than the Demerged Undertakings, shall be referred to as the "**Remaining Undertaking**".
4. We report that, given that the Appointed Date is defined in the Draft Scheme to mean "April 1, 2018 or such other date as the Hon'ble Tribunal may direct", we are not in a position to quantify the pre demerger and indicative post demerger net worth of the Company as on the Appointed Date and accordingly do not report on the same. However, for the purposes of this Certificate, we have considered the figures of book values of assets and liabilities as per the audited (audited by preceding auditor in respect of which management of the company have made available unqualified audit report) financial statements as at March 31, 2017 of the HSIL Limited, in relation to Demerged Undertakings and Remaining Undertaking, which are as represented to us by the management of the Company, to arrive at the combined net-worth as per the book value, pre demerger and post demerger.
5. For this purpose we have carried out arithmetical accuracy only and above data/information are based on certain assumptions/assessment/estimation as considered necessary by the management

Management's Responsibility for the Statement

6. The preparation of the Statement is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
7. The management is also responsible for ensuring that the Company complies with the requirements of the applicable SEBI Circulars and the Companies Act, 2013, in relation to the Draft Scheme and for providing all the information to SEBI and the Stock Exchanges.

Auditor's Responsibility

8. Our responsibility to provide a reasonable assurance whether:
- (a) the amounts in the Statement that form part of the pre demerger and indicative post demerger Net Worth computation, as at March 31, 2017, have been accurately extracted from the audited financial statements of HSIL Limited as at, and for the year ended, March 31, 2017 (as mentioned in Paragraph 2 above) & management certified Financial Statements of the Company as on 2nd November 2017 (date of incorporation of the Company) and the computation of net worth is arithmetically correct; and
 - (b) the computation of net worth is in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013, except that, pending approval of the Draft Scheme, the Company has considered the book values of the BPDM Undertaking of HSIL Limited as per its audited financial statements as at March 31, 2017 in arriving at the indicative post demerger net worth of the Company.
9. The audited financial statements as at, and for the year ended, March 31, 2017 of HSIL Limited, referred to in Paragraph 8 above, have not been audited by us. We have relied upon the audited financial statements, for the year ended March 31, 2017, as audited by the previous statutory auditors of HSIL Limited. We have only carried upon the procedures as decided in our terms of engagement on the audited financial statements for year ended March 31, 2017.
10. We conducted our examination of the Statement in accordance with the revised 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.
11. 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.
12. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting criteria mention in Paragraph 8 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the Statement:
- (a) Traced and agreed the account balances (Equity Share Capital, Other Equity) used in the computation of the pre demerger net worth in the attached Statement, to the management certified financial statement of the Company as at 2nd November 2017 prepared under Indian Accounting Standards (IND AS), which have not been audited by us.
 - (b) Traced and agreed the amounts for the indicative post demerger net worth in attached Statement, to the audited financial statements of the HSIL Limited, in relation to the Demerged Undertakings and the Remaining Undertaking, as at and for the year ended March 31, 2017 prepared under Ind AS, which has been audited by another firm of Chartered Accountants. We have solely relied on the book values as per the financial statements audited by another firm of Chartered Accountants, and not performed any procedures for determining completeness and appropriateness of book values extracted in the statement of indicative post demerger net worth, relating to the Company.
 - (c) Read the certified copy of the Draft Scheme, as approved by the Board of Directors of the Company, at its meeting held on 10th November, 2017.
 - (d) Have obtained management representation from the Company, including relating to the book values of certain assets, which as represented to us by the management of the Company, and are not proposed to be demerged in Somany Home Innovation Limited and which are remaining in HSIL Limited. In this regard, we have solely relied on management representation of the Company and have not performed any additional procedures.



- (e) Tested the arithmetical and clerical accuracy of the Statement.
- (f) The pre demerger and indicative post demerger net worth of the Company has been arrived at on the basis of balances in the books of the HSIL Limited as on March 31, 2017 and the books of Company and will undergo changes on the effective date of implementation of the Draft Scheme on account of profit / (loss) during the intervening period (From April 1, 2017 to the effective date) and the accounting of the Scheme as per Ind AS 103 - Business Combinations, including determination of fair values of the assets and liabilities of the Company as on the effective date and issue of equity shares by the Company to the shareholders of the HSIL Limited in the approved equity shares swap ratio.


Opinion

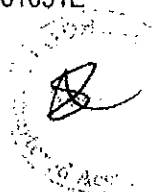
13. Based on our examination, as above, and the information and explanations given to us and read with the matter stated in Paragraphs 11(d) and 11 (f) above, we are of the opinion that the amounts that form part of the computation of the pre demerger net worth as at 2nd November 2017 of Rs. 0.10 crore and indicative post-demerger net worth as at March 31, 2017 of Rs. 154.35 crore, as per the Statement prepared by the management, have been accurately extracted from the respective audited financial statements of HSIL Limited for the year ended March 31, 2017 and management certified Financial Statements of the Company as on 2nd November 2017; and that the computation of indicative net worth in the Statement is mathematically accurate and is in all material respects, in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013.

Restriction on Use

14. This certificate is issued at the request of the Company for onward submission to the BSE Limited and the National Stock Exchange of India Limited and any other regulatory authority as required under applicable law. This certificate should not be used for any other purpose without our prior written consent.

For LODHA & CO
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. 301051E


(GAURAV LODHA)
PARTNER
MEMBERSHIP NO. 507462



PLACE : NEW DELHI
DATE : 10th November 2017

BRILLOCA LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA - 700001

CIN: U74999WB2017PLC223307

T- +91-33-2248 7407/5668

Email: ngoenka@hindware.co.in

Pre demerger and post demerger net worth of Brilloca Ltd. ("Resulting Company 2")

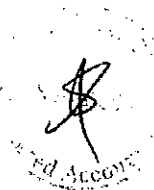
Particulars		Rs. Crore	
		Pre Demerger	Post Demerger
Equity Share Capital	A	0.10	0.10
Other Equity (Excluding Revaluation Reserves)			
Security Premium		-	48.65
General Reserve		-	23.72
Other Comprehensive Income		-	(0.05)
Surplus in Profit & Loss A/c		-	81.93
Total Free Reserves excluding Revaluation Reserve	B	-	154.25
Less:			
Miscellaneous Expenditure	C	-	-
Deferred Revenue Expenditure not written off	D	-	-
Net-worth	A+B-C-D	0.10	154.35

Notes:

1. As Resulting Company 2 has been incorporated on November 2, 2017, audited financial statements for Resulting Company 2 are not available and the pre demerger net worth figures stated above represent the paid-up share capital of Resulting Company 2 at incorporation. Further, the post demerger net worth figures of Resulting Company 2 have been calculated using the net worth of the BPDM Undertaking of HSIL Limited, as per the book values in the audited financial statements of HSIL Limited, as on 31 March 2017.
2. The pre demerger and post demerger net worth are considered 'indicative' as the Appointed Date is defined in the Scheme to mean "April 1, 2018 or such other date as the Hon'ble Tribunal may direct" and it would not be possible for the management to appropriately quantify the figures for the prospective date. Further, these figures will undergo changes on the effective date of implementation of the Scheme. Hence the management has considered the book values of the assets and liabilities of the Company as per its audited financial statements as on March 31, 2017 and are based on certain assumptions/assessments/ estimation as considered necessary by the management to compute the indicative post demerger net worth above.

For Brilloca Limited

Authorised Signatory



Brief particulars of the Demerged and Resulting Companies

Particulars	Demerged Company	Resulting Company 1 (RC-1)	Resulting Company 2 (RC-2)
Name of the company	HSIL Limited	Somany Home Innovation Limited	Brilloca Limited
Date of Incorporation & details of name changes, if any	The Company was originally incorporated on the 8th February, 1960 under the name Hindusthan Twyford's Limited. Subsequently the name was changed to Hindustan Sanitaryware & Industries Limited with effect from 3rd May, 1969. The name Hindustan Sanitaryware & Industries Limited was further changed to HSIL LIMITED on 24th March, 2009.	The Company was incorporated on 28 th September, 2017 as Public Limited.	The Company was incorporated on 2 nd November, 2017 as Public Limited.
Registered Office	2, Red Cross Place, Kolkata - 700001	2, Red Cross Place, Kolkata - 700001	2, Red Cross Place, Kolkata - 700001
Brief particulars of the scheme	<p>(i) Demerger of the CPDM Undertaking (defined in the Scheme) and the Retail Undertaking (defined in the Scheme) from the Demerged Company and transfer and vesting of each of them, as a going concern, to Resulting Company 1; and</p> <p>(ii) Demerger of the BPDM Undertaking (defined in the Scheme) from the Demerged Company and transfer and vesting of the same, as a going concern, to Resulting Company 2.</p>		
Rationale for the scheme	<ul style="list-style-type: none"> 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 each of the respective Demerged Undertakings and 		

CERTIFIED TRUE COPY

For HSIL LIMITED

Ray J
Company Secretary

HSIL Limited

(An ISO 9001:2015 / 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 +91-33-22487406/07, F +91-33-22487045

marketing@hindware.co.in | www.hindwarehomes.com | CIN No. - L51433WB1960PLC024539



India's most awarded & certified bathroom products company

	<p>the Remaining Undertaking (defined in the Scheme) 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.</p> <ul style="list-style-type: none"> • The implementation of this Scheme will result in: <ul style="list-style-type: none"> (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. 		
Date of resolution passed by the Board of Director of the company approving the scheme	10 th November 2017	10 th November 2017	10 th November 2017
Date of meeting of the Audit Committee in which the draft scheme has been approved	10 th November 2017	Not Applicable	Not Applicable
Appointed Date	1 st April, 2018	1 st April, 2018	1 st April, 2018

For HSIL LIMITED


Company Secretary

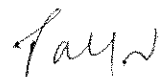
Name of Exchanges where securities of the company are listed	BSE Limited and National Stock Exchange of India Limited	N.A	N.A
Nature of Business	<p>Pre Demerger :</p> <p>(a) branding, marketing, sales, distribution, trading, service, etc. of various building products like sanitaryware, faucets, other 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");</p> <p>(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");</p>	<p>Pre Demerger:</p> <p>Since RC -1 has been incorporated on 28th September 2017 therefore, there is no business as of 10 November 2017</p> <p>Post Demerger:</p> <ul style="list-style-type: none"> • 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"); • Retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined hereinafter (hereinafter 	<p>Pre Demerger:</p> <p>Since RC - 2 has been incorporated on 2nd November 2017 therefore, there is no business as of 10 November 2017.</p> <p>Post Demerger:</p> <ul style="list-style-type: none"> • 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")

For HSIL LIMITED


Company Secretary

	<p>(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");</p> <p>(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");</p> <p>(e) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "Consumer Products Manufacturing Undertaking" or "CPM Undertaking");</p> <p>(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");</p>	referred to as " Retail Undertaking ";	
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For HSIL LIMITED



Company Secretary

	<p>Undertaking"); and</p> <p>(g) wind power generation (hereinafter referred to as "Power Undertaking")).</p> <p>Post Demerger :</p> <p>(a) manufacturing of building products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc. (hereinafter referred to as "Building Products Manufacturing Undertaking" or "BPM Undertaking");</p> <p>(b) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "Consumer Products Manufacturing Undertaking" or "CPM Undertaking");</p> <p>(c) 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</p> <p>(d) wind power generation (hereinafter referred to as "Power Undertaking")).</p>		
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For HSIL LIMITED


Company Secretary

Capital before the scheme	As on Appointed date: Rs. 1445.97 Lacs As on Date of approval of Board :Rs. 1445.97 Lacs	As on Appointed date: Rs. 10 Lacs As on Date of approval of Board: Rs. 10 lacs	As on Appointed date: Rs. 10 Lacs As on Date of approval of Board: Rs. 10 lacs
No. of shares to be issued	NIL	722,96,395 equity share of Rs. 2 each to be issued to the shareholders of the HSIL Limited as on Record Date	NIL
Cancellation of shares on account of cross holding, if any	As on 10 th November 2017, the Demerged Company holds 500,000 equity share of Rs. 2 each in the Resulting Company – 1, Subsequent to composite scheme of arrangement investments held by Demerged Company in the Resulting Company – 1 shall be cancelled.		
Capital after the scheme	Share Capital Rs. 1445.97 Lacs (as	Share Capital Rs. 10 Lacs (as on appointed date)	Share Capital Rs. 1445.93 Lacs
Net Worth Pre Post	(Rs. in crores) 1134.02 894.70 (Aa per certificate enclosed)	(Rs. in crores) 0.10 85.06 (As per certificate enclosed)	(Rs. in crores) 0.10 154.35 (As per certificate enclosed)
Valuation by independent Chartered Accountant - Name of the valuer/valuer firm and Regn no.	Santosh K Singh & Co., Firm's Registration No. 019877N	N.A	N.A
Methods of valuation and value per share arrived under each method with weight given to each method, if any.	Refer valuation report dated 8 th November 2017		

For HSIL LIMITED


Company Secretary

Fair value per shares	Refer valuation report dated 8 th November 2017				
Exchange ratio	Refer valuation report dated 8 th November 2017				
Name of Merchant Banker giving fairness opinion	Finshore Management Services Limited				
Shareholding pattern (HSIL Limited) (the Demerged Company)	Pre		Post		
	No. of Shares	% of holding	No. of Shares	% of holding	
Promoter	35012819	48.43	35012819	48.43	
Public	37283576	51.57	37283576	51.57	
Custodian	-	-	-	-	
TOTAL	72296395	100	72296395	100	
Shareholding pattern (RC 1)	Pre		Post*		
	No. of Shares	% of holding	No. of Shares	% of holding	
Promoter	500000	100	35012819	48.43	
Public	-	-	37283576	51.57	
TOTAL	500000	100	72296395	100	
* Shareholding pattern (Post demerger) is based on post issue of shares by the RC -1 and cancellation of shares					

For HSIL LIMITED

 Company Secretary

Shareholding pattern (RC 2)	Pre		Post		
	No. of Shares	% of holding	No. of Shares	% of holding	
Promoter	500000	100	500000	100	
Public	-		-		
TOTAL	500000	100	500000	100	
No of shareholders					
Names of the Promoters	M/s Paco Exports Limited M/s Soma Investments Ltd M/s New Delhi Industrial Promoters And Investors Ltd Mr. R.K.Somany Mr. Sandip Somany Mrs. Sumita Somany Ms. Divya Somany Mr. Shashvat Somany M/s. Matterhorn trust		M/s HSIL Limited		M/s Somany Home Innovation Limited
Names of the Board of Directors	Dr. Rajendra Kumar Somany Mr. Sandip Somany Mrs. Sumita Somany Mr. Ashok Jaipuria Mr. G.L.Sultania Mr. V.K.Bhandari Mr. Salil Bhandari Mr. N.G.Khaitan Dr. Rainer S. Simon		Mr. Sandip Somany Mr. G.L.Sultania Mr. N.K.Goenka		Mr. Sandip Somany Mr. G.L.Sultania Mr. N.K.Goenka
Details regarding change in management control if any	NA				

For HSIL LIMITED


Company Secretary

hindware

10th November, 2017

National Stock Exchange of India Limited,
'Exchange Plaza'. C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai 400 051
India

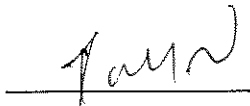
Dear Sirs,

Re: Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited, Brilloca Limited and their respective shareholders and creditors

In relation the proposed Composite Scheme of Arrangement, amongst HSIL Limited, Somany Home Innovation Limited, Brilloca Limited and their respective Shareholders and Creditors 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 and other applicable laws, we hereby confirm that:

- (a) The Company, its promoters or directors have never been declared as willful defaulters by the Banks, as per Circular Ref. No. RBI/2015-16/100 DBR.No.CID.BC.22/20.16.003/2015-16, dated July 1, 2015, issued by the Reserve Bank of India;
- (b) The Company, its promoters or directors have not been, directly or indirectly, debarred from accessing the capital market or have been restrained by any regulatory authority from, directly or indirectly, acquiring the said securities; and
- (c) The Company, its promoters or directors do not have direct or indirect relations with companies, its promoters and whole-time directors, which are compulsorily delisted by any recognised stock exchange.

For and on behalf of
HSIL Limited



Name: Payal M Puri
Designation: Company Secretary

HSIL Limited

(An ISO 9001:2015 / ISO 14001:2015 / ISO 45001:2018 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 +91-33-22487406/07, F +91-33-22487045

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India's most awarded & certified bathroom products 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

10th November, 2017

National Stock Exchange of India Limited,
'Exchange Plaza', C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai 400 051
India

Dear Sirs,

Re: Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited, Brilloca Limited and their respective shareholders and creditors

In relation the proposed Composite Scheme of Arrangement, amongst HSIL Limited, Somany Home Innovation Limited, Brilloca Limited and their respective Shareholders and Creditors 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 and other applicable laws, we hereby confirm that:

- (a) The Company, its promoters or directors have never been declared as willful defaulters by the Banks, as per Circular Ref. No. RBI/2015-16/100 DBR.No.CID.BC.22/20.16.003/2015-16, dated July 1, 2015, issued by the Reserve Bank of India;
- (b) The Company, its promoters or directors have not been, directly or indirectly, debarred from accessing the capital market or have been restrained by any regulatory authority from, directly or indirectly, acquiring the said securities; and
- (c) The Company, its promoters or directors do not have direct or indirect relations with companies, its promoters and whole-time directors, which are compulsorily delisted by any recognised stock exchange.

For and on behalf of

Somany Home Innovation Limited

For Somany Home Innovation Limited.

Name: G.L.Sultania Director
Designation: Director

BRILLOCA LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001

CIN: U74999WB2017PLC223307

T- +91-33-2248 7407/5668

Email: ngoenka@hindware.co.in

10th November, 2017

National Stock Exchange of India Limited,
'Exchange Plaza', C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai 400 051
India

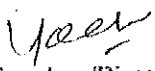
Dear Sirs,

Re: Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited, Brilloca Limited and their respective shareholders and creditors

In relation the proposed Composite Scheme of Arrangement, amongst HSIL Limited, Somany Home Innovation Limited, Brilloca Limited and their respective Shareholders and Creditors 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 and other applicable laws, we hereby confirm that:

- (a) The Company, its promoters or directors have never been declared as willful defaulters by the Banks, as per Circular Ref. No. RBI/2015-16/100 DBR.No.CID.BC.22/20.16.003/2015-16, dated July 1, 2015, issued by the Reserve Bank of India;
- (b) The Company, its promoters or directors have not been, directly or indirectly, debarred from accessing the capital market or have been restrained by any regulatory authority from, directly or indirectly, acquiring the said securities; and
- (c) The Company, its promoters or directors do not have direct or indirect relations with companies, its promoters and whole-time directors, which are compulsorily delisted by any recognised stock exchange.

For and on behalf of
Brilloca Limited
For BRILLOCA LIMITED


~~Authorised Signatory/Director~~

Name: N.K. Goenka
Designation: Director

hindware

To,
 Manager - Listing Compliance
 National Stock Exchange of India Limited
 'Exchange Plaza', C-1, Block G,
 Bandra Kurla Complex, Bandra (E),
 Mumbai - 400 051
 Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed 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, Brilloca Limited and their respective Shareholders and Creditors.

In connection with the above application, we hereby confirm that:

1. The proposed scheme of amalgamation/ arrangement/merger/reconstruction/ reduction of capital etc. to be presented to any Court or Tribunal does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956 / Companies Act, 2013, the rules, regulations and guidelines made under these Acts, the provisions as explained in Regulation 11 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and the requirements of SEBI circulars and Stock Exchanges.
2. The draft scheme of amalgamation/ arrangement together with all documents mentioned in SEBI circular has been disseminated on company's website as per the link given hereunder: www.hindwarehomes.com
3. The company shall disclose the observation letter of the stock exchange on its website within 24 hours of receiving the same.
4. The company shall obtain shareholders' approval by way of special resolution passed through postal ballot/ e-voting on the draft scheme (if applicable).

Further, the company shall proceed with the draft scheme only if the vote cast by the public shareholders in favor of the proposal is more than the number of votes cast by public shareholders against it.

For HSIL LIMITED



Company Secretary

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 +91-33-22487406/07, F +91-33-22487045

marketing@hindware.co.in | www.hindwarehomes.com | CIN No. - L51433WB1960PLC024539



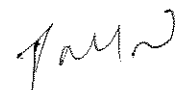
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5. In case of Unlisted company/ies being involved in the Scheme of Arrangement:

- a. The Company shall include the applicable information pertaining to the unlisted entity/ies involved in the scheme in the format specified for abridged prospectus, certified by a SEBI Registered Merchant Banker, as provided in Part D of Schedule VIII of the ICDR Regulations, in the explanatory statement or notice or proposal accompanying resolution to be passed sent to the shareholders while seeking approval of the scheme and the same shall be submitted to Stock Exchanges.
- b. The percentage of shareholding of pre-scheme public shareholders of the listed entity and the Qualified Institutional Buyers (QIBs) of the unlisted entity, in the post scheme shareholding pattern of the "merged" company shall not be less than 25%.

6. The documents filed by the Company with the Exchange are same/ similar/ identical in all respect, which have been filled by the Company with Registrar of Companies/SEBI/Reserve Bank of India, wherever applicable.

7. There will be no alteration in the Share Capital of the unlisted transferor company from the one given in the draft scheme of amalgamation/ arrangement.


Payal M Puri
(Company Secretary)

Date: 10th November, 2017

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
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marketing@hindware.co.in | www.hindwarehomes.com | CIN No. - L51433WB1960PLC024539



India's most awarded & certified bathroom products company

**LODHA
& CO**

Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
 Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
 Fax : 91 11 23345168 / 23314309
 E-mail : delhi@lodhaco.com

Certificate on Net Worth, Turnover and profitability of the Demerged Undertakings and as percentage to the total Net Worth, total turnover and total profitability of HSIL Limited in the immediately preceding two financial years

The Board of Directors
 HSIL Limited
 2, Red Cross Place,
 Kolkata 700 001,
 West Bengal, India

1. This Certificate is issued in accordance with the terms of engagement vide letter dated 10th November 2017 with, HSIL Limited (hereinafter "**the Company**").
2. At the request of the Company, we have examined the accompanying statement of computation of Net Worth, Turnover and profitability of the Demerged Undertakings and as percentage to the total Net Worth, total turnover and total profitability of HSIL Limited in the immediately preceding two financial years i.e March 31, 2017 and March 31 2016, (hereinafter referred together as "**the Statement**"), which we have initialed for identification purposes only, in connection with the proposed composite scheme of arrangement proposed amongst the Company, Somany Home Innovation Limited, Brilloca Limited and their respective shareholders and creditors, in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("**Draft Scheme**"). The Statement is required in connection with the requirements of the stock exchanges for the onward submission of the Scheme proposed to be filed under Sections 230-232 and other applicable provisions of the Companies Act, 2013.
3. The Draft Scheme provides for the demerger of the Consumer Products Distribution and Marketing Undertaking or CPDM Undertaking (as more particularly described in the Scheme) and the Retail Undertaking (as more particularly described in the Scheme) of the Company to Somany Home Innovation Limited and demerger of the Building Products Manufacturing Undertaking or the BPDM Undertaking of the Company (as more particularly described in the Scheme) to Brilloca Limited], each with effect from the Appointed Date, i.e., April 1, 2018, in accordance with the terms and conditions as stated in the Scheme. The CPDM Undertaking, Retail Undertaking and BPDM Undertaking of the Company shall be collectively referred to as the "**Demerged Undertakings**". The assets, businesses and liabilities of the Company, other than the Demerged Undertakings, shall be referred to as the "**Remaining Undertaking**".
4. For this purpose we have carried out arithmetical accuracy only and above data/information are based on certain assumptions/assessment/estimation as considered necessary by the management

Management's Responsibility for the Statement

5. The preparation of the Statement is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
6. The management is also responsible for ensuring that the Company complies with the requirements of the applicable SEBI Circulars and the Companies Act, 2013, in relation to the Scheme and for providing all the information to SEBI and the Stock Exchanges.

Auditor's Responsibility

7. Our responsibility to provide a reasonable assurance whether:
 - (a) the amounts in the Statement that **Net Worth, Turnover and profitability of the**

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For HSIL LIMITED

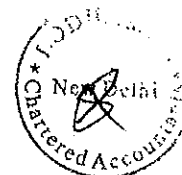
Company Secretary

Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur



Demerged Undertakings and as percentage to the total Net Worth , total turnover and total profitability of HSIL Limited in the immediately preceding two financial years have been accurately extracted from the audited financial statements of the Company as at, and for the year ended, March 31, 2017 and March 31 2016 (as mentioned in Paragraph 2 above) and the computation of net worth , profitability and turnover is arithmetically correct(to be read with the Annexure); and

- (b) the computation of net worth is in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013, except that, pending approval of the Scheme, the Company has considered the book values of the Company as per its audited financial statements as at March 31, 2017 in arriving at the post demerger net worth of the Company.
8. The audited financial statements as at, and for the year ended, March 31, 2017 and March 31 2016 of the Company, referred to in Paragraph 2 above, have not been audited by us. We have relied upon the audited financial statements, for the year ended March 31, 2017, as audited by the previous statutory auditors of the Company. We have only carried upon the procedures as decided in our terms of engagement on the audited financial statements for year ended March 31, 2017.
9. We conducted our examination of the Statement in accordance with the revised 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.
10. 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.
11. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting criteria mention in Paragraph 7 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the Statement:
- (a) Traced and agreed the account balances (Equity Share Capital, Other Equity, Turnover and Profitability) used in the computation of net worth, profitability and turnover in the attached Statement, to the audited financial statement of Company as at and for the year ended March 31, 2017 and March 31 2016 prepared under Indian Accounting Standards (IND AS), which has been audited by another firm of Chartered Accountants.
- (b) Traced and agreed the amounts for the net worth, profitability and turnover in attached Statement, to the audited financial statements of the Company, in relation to the Demerged Undertakings and the Remaining Undertaking, as at and for the year ended March 31, 2017 and March 31 2016 prepared under Ind AS or applicable accounting standards , which has been audited by another firm of Chartered Accountants. We have solely relied on the book values as per the financial statements audited by another firm of Chartered Accountants, and not performed any procedures for determining completeness and appropriateness of book values extracted in the statement of post demerger net worth, relating to the Company.
- (c) Read the certified copy of the Scheme, as approved by the Board of Directors of the Company, at its meeting held on 10th November, 2017.
- (d) Have obtained management representation from the Company, including relating to the book values of certain assets, measurement of profitability and turnover of undertaking which as represented to us by the management of the Company, and are not proposed to be demerged in Somany Home Innovation Limited and Brilloca Limited. In this regard, we have solely relied on management representation of the Company and have not performed any additional procedures.
- (e) Tested the arithmetical and clerical accuracy of the Statement.



Opinion

12. Based on our examination, as above, and the information and explanations given to us and read with the matter stated in Paragraphs 11(d) above, we are of the opinion that the amounts that form part of the computation of the pre demerger net worth as at March 31, 2017/2016 of and post-demerger net worth as at March 31, 2017/2016 of million, the profitability and turnover as per the statement prepared by the management, have been accurately extracted from the respective audited financial statements of the Company for the year ended March 31, 2017 and March 31 2016; and that the computation of net worth, turnover and profitability in the Statement is mathematically accurate and is in all material respects, in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013.

Restriction on Use

13. This certificate is issued at the request of the Company for onward submission to the BSE Limited and the National Stock Exchange of India Limited and any other regulatory authority as required under applicable law. This certificate should not be used for any other purpose without our prior written consent.

For LODHA & CO
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. 301051E



(GAURAV LODHA)
PARTNER
MEMBERSHIP NO. 507462

PLACE : New Delhi
DATE : 10th November 2017



Statement of Net worth, Turnover and profitability of the demerged undertaking and as percentage to the total Net worth, total turnover and Total profitability of the HSIL Limited in the immediately preceding two financial years:

S.No.	Particulars	For the financial year 2016-17@		For the financial year 2015-16@	
		Amount in crore	% to total	Amount in crore	% to total
1.	Net Worth				
	-Demerger Undertaking -1	84.96	7.49	39.04	3.66
	-Demerger Undertaking -2	154.25	13.60	165.81	15.57
	-Remaining Undertaking	894.81	78.91	860.43	80.77
	Total Network	1134.02	100.00	1065.28	100.00
2.	Turnover				
	-Demerger Undertaking -1	222.38	8.79	149.34	6.25
	-Demerger Undertaking -2	1037.28	40.99	955.84	40.01
	-Remaining Undertaking*	1271.07	50.22	1284.05	53.74
	Total Turnover (including inter undertaking turnover)	2530.73	100.00	2389.23	100.00
	Less: Inter undertaking turnover	300.83		280.14	
	Total Turnover	2229.90		2109.09	
2.	Profit after tax				
	-Demerger Undertaking -1	(31.23)	(30.32)	(23.22)	(19.97)
	-Demerger Undertaking -2	82.08	79.68	74.04	63.67
	-Remaining Undertaking	52.16	50.64	65.46	56.30
	Total Profit after tax	103.01	100.00	116.28	100.00

*Including inter undertaking turnover

@ The figures stated above have been arrived at based on the figures extracted by the management from the audited financial statements prepared under Indian Accounting Standards (Ind AS) of the Company as at March 31, 2017 and are based on certain assumptions/assessments/ estimation as considered necessary by the management.

For HSIL Limited

Authorised Signatory



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, IIIrd Floor Park Centra, Sector-30, NH-8, Gurgaon - 122 001 India,
T+91-124-477 9200, Fax +91-124-429 2898 / 99

www.hindwarehomes.com

HSIL



**LODHA
& CO**

Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
Fax : 91 11 23345168 / 23314309
E-mail : delhi@lodhaco.com

Certificate on Pre Demerger and Indicative Post Demerger Net Worth

The Board of Directors
Somany Home Innovation Limited
2, Red Cross Place,
Kolkata 700 001,
West Bengal, India

1. This Certificate is issued in accordance with the terms of engagement vide letter dated 10th November, 2017 with Somany Home Innovation Limited (hereinafter "**the Company**").
2. At the request of the Company, we have examined the accompanying statement of computation of pre demerger and indicative post demerger Net Worth of the Company as at March 31, 2017 (hereinafter referred together as "**the Statement**"), which we have initialed for identification purposes only, in connection with the proposed composite scheme of arrangement proposed amongst the HSIL Limited, the Company, Brilloca Limited and their respective shareholders and creditors, in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("**Draft Scheme**"). The Statement is required in connection with the requirements of the stock exchanges for the onward submission of the Draft Scheme proposed to be filed under Sections 230-232 and other applicable provisions of the Companies Act, 2013.
3. The Draft Scheme provides for the demerger of the Consumer Products Distribution and Marketing Undertaking or CPDM Undertaking (as more particularly described in the Draft Scheme) and the Retail Undertaking (as more particularly described in the Draft Scheme) of HSIL Limited to the Company and demerger of the Building Products Manufacturing Undertaking or the BPDM Undertaking of the HSIL Limited (as more particularly described in the Draft Scheme) to Brilloca Limited, each with effect from the Appointed Date, i.e., April 1, 2018, in accordance with the terms and conditions as stated in the Draft Scheme. The CPDM Undertaking, Retail Undertaking and BPDM Undertaking of the HSIL Limited shall be collectively referred to as the "**Demerged Undertakings**". The assets, businesses and liabilities of the HSIL Limited, other than the Demerged Undertakings, shall be referred to as the "**Remaining Undertaking**".
4. We report that, given that the Appointed Date is defined in the Draft Scheme to mean "April 1, 2018 or such other date as the Hon'ble Tribunal may direct", we are not in a position to quantify the pre demerger and indicative post demerger net worth of the Company as on the Appointed Date and accordingly do not report on the same. However, for the purposes of this Certificate, we have considered the figures of book values of assets and liabilities as per the audited (audited by preceding auditor in respect of which management of the company have made available unqualified audit report) financial statements as at March 31, 2017 of HSIL Limited, in relation to Demerged Undertakings and Remaining Undertaking, which are as represented to us by the management of the Company and HSIL Limited, to arrive at the combined net-worth as per the book value, pre demerger and post demerger.
5. For this purpose we have carried out arithmetical accuracy only and above data/information are based on certain assumptions/assessment/estimation as considered necessary by the management.

Management's Responsibility for the Statement

6. The preparation of the Statement is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
7. The management is also responsible for ensuring that the Company complies with the



Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur

For HSIL LIMITED

[Signature]
Company Secretary

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requirements of the applicable SEBI Circulars and the Companies Act, 2013, in relation to the Scheme and for providing all the information to SEBI and the Stock Exchanges.

Auditor's Responsibility

8. Our responsibility to provide a reasonable assurance whether:
- (a) the amounts in the Statement that form part of the pre demerger and indicative post demerger Net Worth computation, as at March 31, 2017, have been accurately extracted from the audited financial statements of HSIL Limited as at, and for the year ended, March 31, 2017 (as mentioned in Paragraph 2 above) and management certified Financial Statements of Company as on September 28th 2017 and the computation of net worth is arithmetically correct; and
 - (b) the computation of net worth is in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013, except that, pending approval of the Scheme, the Company has considered the book values of the CPDM Undertaking and Retail Undertaking of HSIL Limited as per its audited financial statements as at March 31, 2017 in arriving at the indicative post demerger net worth of the Company.
9. The audited financial statements as at, and for the year ended, March 31, 2017 of the HSIL Limited, referred to in Paragraph 8 above, have not been audited by us. We have relied upon the audited financial statements, for the year ended March 31, 2017, as audited by the previous statutory auditors of the HSIL Limited. We have only carried upon the procedures as decided in our terms of engagement on the audited financial statements for year ended March 31, 2017.
10. We conducted our examination of the Statement in accordance with the revised 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.
11. 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.
12. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting criteria mention in Paragraph 8 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the Statement:
- (a) Traced and agreed the account balances (Equity Share Capital, Other Equity) used in the computation of the pre demerger net worth in the attached Statement, to the management certified financial statement of the Company as at 28th September 2017 prepared under Indian Accounting Standards (IND AS), which has been not been audited by us.
 - (b) Traced and agreed the amounts for the indicative post demerger net worth in attached Statement, to the audited financial statements of HSIL Limited, in relation to the Demerged Undertakings and the Remaining Undertaking, as at and for the year ended March 31, 2017 prepared under Ind AS, which has been audited by another firm of Chartered Accountants. We have solely relied on the book values as per the financial statements audited by another firm of Chartered Accountants, and not performed any procedures for determining completeness and appropriateness of book values extracted in the statement of indicative post demerger net worth, relating to the Company.
 - (c) Read the certified copy of the Draft Scheme, as approved by the Board of Directors of the Company, at its meeting held on 10th November, 2017.
 - (d) Have obtained management representation from the Company, including relating to the book values of certain assets, which as represented to us by the management of the Company, and are not proposed to be demerged in Brilloca Limited and which are



remaining in HSIL Limited. In this regard, we have solely relied on management representation of the Company and have not performed any additional procedures.

- (e) Tested the arithmetical and clerical accuracy of the Statement.
- (f) The pre demerger and indicative post demerger net worth of the Company has been arrived at on the basis of balances in the books of the HSIL Limited as on March 31, 2017 and the books of Company and will undergo changes on the effective date of implementation of the Draft Scheme on account of profit / (loss) during the intervening period (From April 1, 2017 to the effective date) and the accounting of the Draft Scheme as per Ind AS 103 - Business Combinations, including determination of fair values of the assets and liabilities of the Company as on the effective date. and issue of equity shares by the Company to the shareholders of the HSIL Limited in the approved equity shares swap ratio

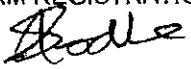
Opinion

13. Based on our examination, as above, and the information and explanations given to us and read with the matter stated in Paragraphs 11(d) and 11 (f) above, we are of the opinion that the amounts that form part of the computation of the pre demerger net worth as at September 28th 2017 of Rs. 0.10 crore and indicative post-demerger net worth as at March 31, 2017 of Rs. 85.06 crore, as per the Statement prepared by the management, have been accurately extracted from the respective audited financial statements of the HSIL Limited for the year ended March 31, 2017 and management certified Financial Statements of the Company; and that the computation of indicative net worth in the Statement is mathematically accurate and is in all material respects, in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013.

Restriction on Use

14. This certificate is issued at the request of the Company for onward submission to the BSE Limited and the National Stock Exchange of India Limited and any other regulatory authority as required under applicable law. This certificate should not be used for any other purpose without our prior written consent.

For LODHA & CO
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. 301051E


(GAURAV LODHA)
PARTNER
MEMBERSHIP NO. 507462

PLACE : NEW DELHI
DATE : 10th November 2017



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

Pre demerger and post demerger net worth of Somany Home Innovation Limited
("Resulting Company 1")

Rs. Crore			
Particulars		Pre Demerger	Post Demerger
Equity Share Capital	A	0.10	14.46
Other Equity (Excluding Revaluation Reserves)			
Security Premium		-	12.45
General Reserve		-	13.06
Other Comprehensive Income		-	(0.03)
Surplus in Profit & Loss A/c		-	45.12
Total Free Reserves excluding Revaluation Reserve	B	-	70.60
Less:			
Miscellaneous Expenditure	C	-	-
Deferred Revenue Expenditure not written off	D	-	-
Net-worth	A+B-C-D	0.10	85.06

Notes:

1. As Resulting Company 1 has been incorporated on September 28, 2017, audited financial statements for Resulting Company 1 are not available and the pre demerger net worth figures stated above represent the paid-up share capital of Resulting Company 1 at incorporation. Further, the post demerger net worth figures of Resulting Company 1 have been calculated using the net worth of the CPDM Undertaking and Retail Undertaking of HSIL Limited, as per the book values in the audited financial statements of HSIL Limited, as on 31 March 2017.
2. The pre demerger and post demerger net worth are considered 'indicative' as the Appointed Date is defined in the Scheme to mean "April 1, 2018 or such other date as the Hon'ble Tribunal may direct" and it would not be possible for the management to appropriately quantify the figures for the prospective date. Further, these figures will undergo changes on the effective date of implementation of the Scheme. Hence the management has considered the book values of the assets and liabilities of the Company as per its audited financial statements as on March 31, 2017 and are based on certain assumptions/assessments/ estimation as considered necessary by the management to compute the indicative post demerger net worth above.

For Somany Home Innovation Limited

Authorised Signatory



Certificate on Pre Demerger and indicative Post Demerger Net Worth

The Board of Directors
Brilloca Limited
2, Red Cross Place,
Kolkata 700 001,
West Bengal, India

1. This Certificate is issued in accordance with the terms of engagement vide letter dated 10th November, 2017 with, Brilloca Limited (hereinafter "**the Company**").
2. At the request of the Company, we have examined the accompanying statement of computation of pre demerger and indicative post demerger Net Worth of the Company as at March 31, 2017 (hereinafter referred together as "**the Statement**"), which we have initialed for identification purposes only, in connection with the proposed composite scheme of arrangement proposed amongst the HSIL Limited, Somany Home Innovation Limited, the Company and their respective shareholders and creditors, in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("**Draft Scheme**"). The Statement is required in connection with the requirements of the stock exchanges for the onward submission of the Draft Scheme proposed to be filed under Sections 230-232 and other applicable provisions of the Companies Act, 2013.
3. The Draft Scheme provides for the demerger of the Consumer Products Distribution and Marketing Undertaking or CPDM Undertaking (as more particularly described in the Draft Scheme) and the Retail Undertaking (as more particularly described in the Draft Scheme) of the HSIL Limited to Somany Home Innovation Limited and demerger of the Building Products Manufacturing Undertaking or the BPDM Undertaking of the HSIL Limited (as more particularly described in the Scheme) to the Company, each with effect from the Appointed Date, i.e., April 1, 2018, in accordance with the terms and conditions as stated in the Draft Scheme. The CPDM Undertaking, Retail Undertaking and BPDM Undertaking of the HSIL Limited shall be collectively referred to as the "**Demerged Undertakings**". The assets, businesses and liabilities of the HSIL Limited, other than the Demerged Undertakings, shall be referred to as the "**Remaining Undertaking**".
4. We report that, given that the Appointed Date is defined in the Draft Scheme to mean "April 1, 2018 or such other date as the Hon'ble Tribunal may direct", we are not in a position to quantify the pre demerger and indicative post demerger net worth of the Company as on the Appointed Date and accordingly do not report on the same. However, for the purposes of this Certificate, we have considered the figures of book values of assets and liabilities as per the audited (audited by preceding auditor in respect of which management of the company have made available unqualified audit report) financial statements as at March 31, 2017 of the HSIL Limited, in relation to Demerged Undertakings and Remaining Undertaking, which are as represented to us by the management of the Company, to arrive at the combined net-worth as per the book value, pre demerger and post demerger.
5. For this purpose we have carried out arithmetical accuracy only and above data/information are based on certain assumptions/assessment/estimation as considered necessary by the management

Management's Responsibility for the Statement

6. The preparation of the Statement is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
7. The management is also responsible for ensuring that the Company complies with the requirements of the applicable SEBI Circulars and the Companies Act, 2013, in relation to the Draft Scheme and for providing all the information to SEBI and the Stock Exchanges.

Auditor's Responsibility

8. Our responsibility to provide a reasonable assurance whether:
 - (a) the amounts in the Statement that form part of the pre demerger and indicative post demerger Net Worth computation, as at March 31, 2017, have been accurately extracted from the audited financial statements of HSIL Limited as at, and for the year ended, March 31, 2017 (as mentioned in Paragraph 2 above) & management certified Financial Statements of the Company as on 2nd November 2017 (date of incorporation of the Company) and the computation of net worth is arithmetically correct; and
 - (b) the computation of net worth is in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013, except that, pending approval of the Draft Scheme, the Company has considered the book values of the BPDM Undertaking of HSIL Limited as per its audited financial statements as at March 31, 2017 in arriving at the indicative post demerger net worth of the Company.
9. The audited financial statements as at, and for the year ended, March 31, 2017 of HSIL Limited, referred to in Paragraph 8 above, have not been audited by us. We have relied upon the audited financial statements, for the year ended March 31, 2017, as audited by the previous statutory auditors of HSIL Limited. We have only carried upon the procedures as decided in our terms of engagement on the audited financial statements for year ended March 31, 2017.
10. We conducted our examination of the Statement in accordance with the revised 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.
11. 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.
12. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting criteria mention in Paragraph 8 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the Statement:
 - (a) Traced and agreed the account balances (Equity Share Capital, Other Equity) used in the computation of the pre demerger net worth in the attached Statement, to the management certified financial statement of the Company as at 2nd November 2017 prepared under Indian Accounting Standards (IND AS), which have not been audited by us.
 - (b) Traced and agreed the amounts for the indicative post demerger net worth in attached Statement, to the audited financial statements of the HSIL Limited, in relation to the Demerged Undertakings and the Remaining Undertaking, as at and for the year ended March 31, 2017 prepared under Ind AS, which has been audited by another firm of Chartered Accountants. We have solely relied on the book values as per the financial statements audited by another firm of Chartered Accountants, and not performed any procedures for determining completeness and appropriateness of book values extracted in the statement of indicative post demerger net worth, relating to the Company.
 - (c) Read the certified copy of the Draft Scheme, as approved by the Board of Directors of the Company, at its meeting held on 10th November, 2017.
 - (d) Have obtained management representation from the Company, including relating to the book values of certain assets, which as represented to us by the management of the Company, and are not proposed to be demerged in Somany Home Innovation Limited and which are remaining in HSIL Limited. In this regard, we have solely relied on management representation of the Company and have not performed any additional procedures.



- (e) Tested the arithmetical and clerical accuracy of the Statement.
- (f) The pre demerger and indicative post demerger net worth of the Company has been arrived at on the basis of balances in the books of the HSIL Limited as on March 31, 2017 and the books of Company and will undergo changes on the effective date of implementation of the Draft Scheme on account of profit / (loss) during the intervening period (From April 1, 2017 to the effective date) and the accounting of the Scheme as per Ind AS 103 - Business Combinations, including determination of fair values of the assets and liabilities of the Company as on the effective date and issue of equity shares by the Company to the shareholders of the HSIL Limited in the approved equity shares swap ratio.


Opinion

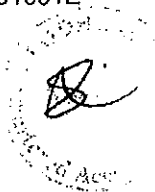
13. Based on our examination, as above, and the information and explanations given to us and read with the matter stated in Paragraphs 11(d) and 11 (f) above, we are of the opinion that the amounts that form part of the computation of the pre demerger net worth as at 2nd November 2017 of Rs. 0.10 crore and indicative post-demerger net worth as at March 31, 2017 of Rs. 154.35 crore, as per the Statement prepared by the management, have been accurately extracted from the respective audited financial statements of HSIL Limited for the year ended March 31, 2017 and management certified Financial Statements of the Company as on 2nd November 2017; and that the computation of indicative net worth in the Statement is mathematically accurate and is in all material respects, in accordance with the method of computation set out in Section 2(57) of the Companies Act, 2013.

Restriction on Use

14. This certificate is issued at the request of the Company for onward submission to the BSE Limited and the National Stock Exchange of India Limited and any other regulatory authority as required under applicable law. This certificate should not be used for any other purpose without our prior written consent.

For LODHA & CO
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. 301051E


(GAURAV LODHA)
PARTNER
MEMBERSHIP NO. 507462



PLACE : NEW DELHI
DATE : 10th November 2017

BRILLOCA LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA - 700001

CIN: U74999WB2017PLC223307

T- +91-33-2248 7407/5668

Email: ngoenka@hindware.co.in

Pre demerger and post demerger net worth of Brilloca Ltd. ("Resulting Company 2")

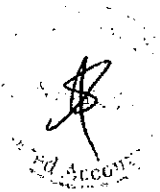
Particulars		Rs. Crore	
		Pre Demerger	Post Demerger
Equity Share Capital	A	0.10	0.10
Other Equity (Excluding Revaluation Reserves)			
Security Premium		-	48.65
General Reserve		-	23.72
Other Comprehensive Income		-	(0.05)
Surplus in Profit & Loss A/c		-	81.93
Total Free Reserves excluding Revaluation Reserve	B	-	154.25
Less:			
Miscellaneous Expenditure	C	-	-
Deferred Revenue Expenditure not written off	D	-	-
Net-worth	A+B-C-D	0.10	154.35

Notes:

1. As Resulting Company 2 has been incorporated on November 2, 2017, audited financial statements for Resulting Company 2 are not available and the pre demerger net worth figures stated above represent the paid-up share capital of Resulting Company 2 at incorporation. Further, the post demerger net worth figures of Resulting Company 2 have been calculated using the net worth of the BPDM Undertaking of HSIL Limited, as per the book values in the audited financial statements of HSIL Limited, as on 31 March 2017.
2. The pre demerger and post demerger net worth are considered 'indicative' as the Appointed Date is defined in the Scheme to mean "April 1, 2018 or such other date as the Hon'ble Tribunal may direct" and it would not be possible for the management to appropriately quantify the figures for the prospective date. Further, these figures will undergo changes on the effective date of implementation of the Scheme. Hence the management has considered the book values of the assets and liabilities of the Company as per its audited financial statements as on March 31, 2017 and are based on certain assumptions/assessments/ estimation as considered necessary by the management to compute the indicative post demerger net worth above.

For Brilloca Limited

Authorised Signatory



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

Date: 10th November, 2017

To,
Manager - Listing Compliance
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051

Dear Sir,

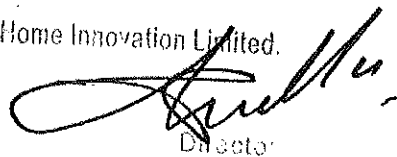
Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited, Brilloca Limited and their respective shareholders and creditors, in terms of the provisions of 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

In connection with the above application, I Director of Somany Home Innovation Limited (The Company) hereby confirm that:

1. There shall be no change in the shareholding pattern or control in the company between the record date and the listing which may affect the status of this approval.
2. The equity shares sought to be listed are proposed to be allotted by the company to the holders of securities of a listed entity (transferor entity) pursuant to a composite scheme of arrangement (Scheme) sanctioned by a High Court under Section 391-394 of the Companies Act, 1956 or under Section 230-232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.
3. At least 25% of the post scheme paid up share capital of the transferee entity shall comprise of shares allotted to the public holders in the transferor entity.
4. The Company will not issue/reissue any shares, not covered under the Draft scheme.
5. As on date of this confirmation there are no outstanding warrants/ instruments/ agreements which give right to any person to take the equity shares in the company at any future date.

[If there are such instruments stipulated in the Draft scheme, the percentage referred to in point (3) above, shall be computed after giving effect to the consequent increase of capital on account of compulsory conversions outstanding as well as on the assumption that the options outstanding, if any, to subscribe for additional capital will be exercised.

For Somany Home Innovation Limited.


Director

For HSIL LIMITED



Company Secretary

CERTIFIED TRUE COPY

SOMANY HOME INNOVATION LIMITED

Registered Office: 2, RED CROSS PLACE, KOLKATA – 700001

CIN: U74999WB2017PLC222970

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Email: ngoenka@hindware.co.in

6. The draft scheme of arrangement together with all documents mentioned in SEBI circular has been disseminated on company's website as per the link given hereunder: www.hindwarehomes.com.

7. The shares of the transferee entity issued in lieu of the locked-in shares of the transferor entity are subjected to the lock-in for the remaining period.

8. Names and PAN of the following along with the details of disciplinary action taken if any by any regulatory authorities against:

a. Company: Somany Home Innovation Limited – PAN – AAZCS2853D

b. Companies under same management:

HSIL Limited (Holding Company) PAN – AAACH7564H

Brilloca Limited (Wholly Owned Subsidiary of Somany Home Innovation Limited) , PAN- AAHCB5089L.

c. Promoters and promoting companies: HSIL Limited – PAN – AAACH7564H

d. Directors of the Company:

Mr. Sandip Somany, PAN - AIYPS6270N

Mr. G.L.Sultania PAN- AOTPS8376L and

Mr. N.K.Goenka PAN- ADPPG9043F

e. Companies promoted by the promoters of the company: Hindware Home Retail Private Limited, PAN– AAKCS0434P

f. Subsidiaries and Associate companies: Brilloca Limited (Wholly Owned Subsidiary of Somany Home Innovation Limited) and PAN- AAHCB5089L

For and on behalf of

Somany Home Innovation Limited
For Somany Home Innovation Limited:



Director

Name: G.L.Sultania

Designation: Director

Names and PAN of the following along with the details of disciplinary action taken if any by any regulatory authorities against

a. Company		PAN
	Somany Home Innovation Limited	AAZCS2853D
b. Companies under same management.		
	HSIL Limited (Holding Company)	AAACH7564H
	Brilloca Limited (Wholly Owned Subsidiary of Somany Home Innovation Limited)	AAHCB5089L
c. Promoters and promoting companies		
	HSIL Limited	AAACH7564H
d. Directors of the Company		
	Mr. Sandip Somany	AIYPS6270N
	Mr. G.L.Sultani	AOTPS8376L
	Mr. N.K.Goenka	ADPPG9043F
e. Companies promoted by the promoters of the company:		
	Hindware Home Retail Private Limited	AAKCS0434P
f. Subsidiaries and Associate companies:		
	Brilloca Limited (Wholly Owned Subsidiary of Somany Home Innovation Limited)	AAHCB5089L