EXPERIENCE THE NEW

DCS/AMAL/PB/R37/1101/2017-18

April 24, 2018

The Company Secretary
HSIL LTD.
2, Red Cross Place ,Kolkata ,
West Bengal, 700001.

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement between HSIL Ltd, Somany Home Innovation Limited & Brilloca Limited.

We are in receipt of Draft Scheme of Arrangement between HSIL Ltd, Somany Home Innovation Limited & Brilloca Limited and their respective shareholders and Creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated March 21, 2018, has inter alia given the following comment(s) on the draft scheme of arrangement:

- **"Company to ensure that information pertaining to action taken by SEBI against Mr Nand Gopal Khaitan, one of the Directors of HSIL, in the matter of India Power Corporation Limited (erstwhile DPSC Limited),vide SEBI order no WTM/PS/OS/CFD/JUNE/2013 dated June 04, 2103 for non-compliance with MPS, is disclosed in the scheme under the heading "action taken by SEBI/RBI" and the same is brought to the notice of shareholders and Hon'ble NCLT."**
- **"Company shall ensure that applicable information pertaining to unlisted SHIL & BL is included in the abridged prospectus as per the format specified in the circular."**
- **"Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company."**
- **"Company shall duly comply with various provisions of the Circulars."**
- **"Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."**
- **"It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

Nitin Pujari
Sr. Manager

hindware

Date: 23rd November, 2017

The General Manager
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort, Mumbai 400 001

Scrip Code: 500187

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 930433 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 BSE 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)

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.	Documents to be submitted along with application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	Annexures	Page Nos.
1.	Certified true copy of the resolution passed by the Board of Directors of the company.	I	1-17
2.	Certified copy of the draft Scheme of Amalgamation / Arrangement, etc. proposed to be filed before the NCLT.	II	18-65
3.	Valuation report from Independent Chartered Accountant **as applicable** as per Para I(A)(4) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.	III	66-84
4.	Report from the Audit Committee recommending the draft scheme taking into consideration, inter alia, the valuation report at sr. no. 3 above	IV	85-87
5.	Fairness opinion by Merchant Banker	V	88-94
6.	Shareholding pattern of all the companies' pre (03.11.2017) and post (10.11.2017) Arrangement as per the format provided under Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.	VI	95-108
7.	Audited financials of the transferee/resulting and transferor/demerged companies for the last 3 financial years (financials not being more than 6 months old) as per **Annexure I. Please note that for existing Listed Company, provide the last Annual Report and the audited / unaudited financials of the latest quarter (were it is due) accompanied mandatorily by the Limited Review Report of the auditor.**	VII	109-111

For HSIL LIMITED

Company Secretary

8.	Statutory Auditor's Certificate confirming the compliance of the accounting treatment etc. as specified in Para **(I)(A) (5)(a) of Annexure I of SEBI Circular no.** CFD/DIL3/CIR/2017/21 dated March 10, 2017, as per the format given in **Annexure II of aforesaid SEBI circular.**	VIII	112-117
9.	Detailed Compliance Report as per the format specified in Annexure IV of SEBI circular dated March 10, 2017 duly certified by the Company Secretary, Chief Financial Officer and the Managing Director, confirming compliance with various regulatory requirements specified for schemes of arrangement and all accounting standards.	IX	118-119
10.	Complaint report as per Annexure III of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (To be submitted within 7 days of expiry of 21 days from the date of uploading of Draft Scheme and related documents on Exchange's website).	To be submitted within 7 days of expiry of 21 days from the date of filing of Draft Scheme	
11.	If as per the company, approval from the Public shareholders through postal ballot and e-voting, as required under **Para (I)(A)(9)(a) of Annexure I of SEBI Circular no.** CFD/DIL3/CIR/2017/21 dated March 10, 2017, is not applicable then as required under Para (I)(A)(9)(c) of said SEBI circular, submit the following: a) An undertaking certified by the auditor clearly stating the reasons for non applicability of Sub Para 9(a) b) Certified copy of Board of Director's resolution approving the aforesaid auditor certificate.	a) X b) Same as attached in Annexure-I	120-171
12.	If pursuant to scheme the allotment of shares is proposed to be made to a selected group of shareholders or to the shareholders of unlisted companies, pricing certificate from the Statutory Auditor of the listed company as per Proviso of Regulation 70(1) (ii) (b) of ICDR.	Not Applicable	
13.	a) In case of scheme of arrangement between listed and unlisted entities, information pertaining to the unlisted entity/ies involved in the scheme as per the format specified for abridged prospectus as provided in Part D of Schedule VIII of the ICDR Regulations. b) A Certificate from the Merchant Banker confirming the adequacy and accuracy of the information contained in above document on unlisted company in terms of Para 3(a) of Part I (A) of the SEBI circular dated March 10, 2017. This is also to be uploaded on the BSE's website	XI XII	172-191

For HSIL LIMITED

Company Secretary

14.	Name of the Designated Stock Exchange (DSE) for the purpose of coordinating with SEBI. Certified true copy of the resolution passed by the Board of Directors, in case BSE is DSE.	NSE	
15.	Brief details of the transferee/resulting and transferor/demerged companies as per format enclosed at **Annexure V as per the BSE checklist.**	XIII	192-199
16.	Net-worth certificate (excluding Revaluation Reserve) together with related workings pre and post scheme for the transferee and / or resulting company.	XIV	200-207
17.	Capital evolution details of the transferee/resulting and transferor/demerged companies as per format enclosed at **Annexure VI as per BSE checklist.**	XV	208-211
18.	Confirmation by the Company Secretary as per format enclosed as **Annexure VII as per BSE checklist.**	XVI	212-213
19.	Annual Reports of all the listed transferee/resulting/demerged/etc. companies involved and audited financial of all the unlisted transferor/demerged/resulting/etc. companies for the last financial year.	XVII	214-493
20.	a) Processing fee (non-refundable) payable to BSE will be as below, through RTGS- Details given in **Annexure VIII** or through Cheque/DD **<u>favoring 'BSE Limited'</u>** Rs. 2,00,000/- plus GST as applicable, where more than one entity/company is Merged or more than one new company formed due to De-merger. **b)** Processing fee (non-refundable) payable to SEBI will be as below, through RTGS/NEFT/IMPS or through DD **<u>favoring 'Securities and Exchange Board of India" payable at Mumbai'</u>** As per amendment in Regulation 37, the listed entity shall pay a fee 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.		494
21.	In case NCRPS / NCDs are proposed to be issued to the shareholders of the listed entity and are to be listed, the company shall submit an undertaking signed by CS / MD of the company as per format attached in **Annexure IX** confirming compliance with the requirements of SEBI circular dated May 26, 2017	Not Applicable	

For HSIL LIMITED

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Company Secretary

22.	Name & Designation of the Contact Person Telephone Nos. (landline & mobile) Email ID.	Payal M Puri, Company Secretary. Mob. No. 8800212003 Landline no. 0124 4779380 Email ID. payal@hindware.co.in	
23.	Following additional documents are required to be submitted for Demerger cases wherein a division of a listed company is hived off into an unlisted company or where listed company is getting merged with an unlisted company.	XVIII A To XVIII E	495-502

Kindly also submit one additional set of the documents at sr. nos. 2 to 11 separately (hard copy as well as soft copy emailed to *"bse.schemes@bseindia.com"* mentioning company name as subject, for uploading on the Exchange website).

The Exchange reserves the right to modify and ask for additional documents / clarifications depending on a case to case basis. Approval for the proposed scheme will be subject to compliance with the Statutory/ Regulatory requirements, norms of the Board of Directors of the Exchange and other Exchange requirements.

For HSIL LIMITED

Payal

Company Secretary

ANNEXURE - I

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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 SEVICES 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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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

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:

For HSIL LIMITED

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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;

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For HSIL LIMITED

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;

For HSIL LIMITED

Company Secretary

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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

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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. 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 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

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
Niranjan Kumar Goenka
(Director)

Name: Niranjan 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.;

BRILLOCA LIMITED

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

BRILLOCA LIMITED

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

ANNEXURE-II

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

HSIL LIMITED GURGAON

CERTIFIED TRUE COPY

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 Twyfords Limited'. Subsequently, the name of the Demerged Company was changed to 'Hindustan Sanitaryware & Industries Limited' with effect from May 3, 1969, and the Demerged Company obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware & Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009 in favour of the Demerged Company. The Corporate Identity Number of the Demerged Company is 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**

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HSIL LIMITED ★ GURGAON ★

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.

HSIL LIMITED GURGAON

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.

HSIL LIMITED * GURGAON *

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

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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 <u>**Schedule II**</u>),

(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;

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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;

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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 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

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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**

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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

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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

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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

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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 BPDM Undertaking with Resulting Company 2 occurs by virtue of this Scheme itself, Resulting Company 2 may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above. Resulting Company 2 shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

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

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

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

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

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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, sub-division or consolidation, re-organisation, or in any other manner effect the reorganisation of capital of Resulting Company 2.

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

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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.

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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.

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

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

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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.

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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

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	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).

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ANNEXURE-III

Santosh K Singh & Co, Chartered Accountants

November 08, 2017

To,

The Board of Directors

HSIL Limited

2, Red Cross Place,

Kolkata- 700001, West Bengal

Dear Sir (s),

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

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

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

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

SANTOSH K SINGH & CO. NEW DELHI Chartered Accountants

CERTIFIED TRUE COPY

For HSIL LIMITED

Company Secretary

I. SCOPE AND PURPOSE OF THE REPORT

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

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

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

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

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

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

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

II. SOURCES OF INFORMATION

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

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

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

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

III. BACKGROUND INFORMATION

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

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

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

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

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

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

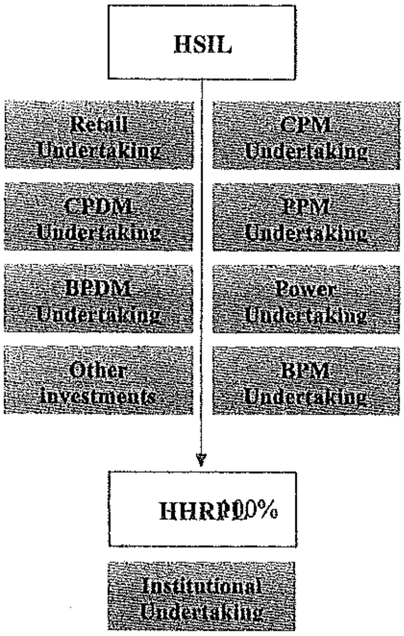
b. The BPDM Undertaking will be demerged into Resulting Company 2;

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

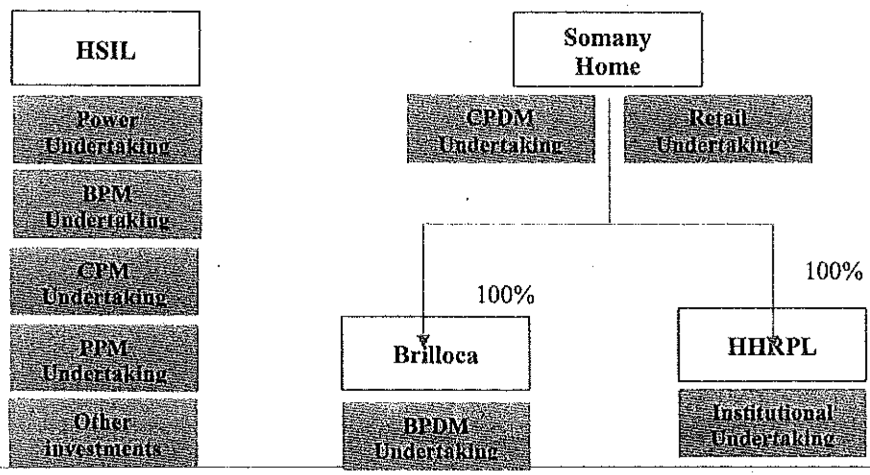
d. On the Proposed Scheme becoming effective, the equity shareholders of HSIL will be issued equity shares of Resulting Company 1,consequent to the demerger of Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company 2.

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

(i) Existing Structure, as provided by the Management



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



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IV. RATIONALE FOR PROPOSED SCHEME

HSIL currently has business interests in diverse businesses such as:

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

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

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

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

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

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

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

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

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

The implementation of this Proposed Scheme will result in:

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

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

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

A. Authorised Share Capital	Amount (in Rs.)
11,12,50,000 Equity Shares of Rs. 2 each	22,25,00,000
Total	**22,25,00,000**
B. Issued, Subscribed and Paid-up Share Capital	**Amount (in Rs.)**
7,22,96,395 Equity Shares of Rs. 2 each	14,45,93,000
Add: Forfeited Share Capital	4000
Total	**14,45,97,000**

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

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

Authorised Share Capital	Amount (in Rs.)
50,00,000 Equity Shares of Rs. 2 each	1,00,00,000
Total	**1,00,00,000**
Issued, Subscribed and Paid-up Share Capital	**Amount (in Rs.)**
5,00,000 Equity Shares of Rs. 2 each	10,00,000
Total	**10,00,000**

We have been informed that Resulting Company 1would increase its authorised share capital, to the extent required under the Proposed Scheme, to accommodate the fresh issuance of its equity shares to HSIL upon approval of demerger of Demerged Undertaking 1.

C. As on November 8, 2017, the capital structure of Resulting Company 2 is as under:

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

Asset Value of these businesses accordingly and for the reasons mentioned above, we have considered it appropriate only to keep the values under this method in the background for our analysis.

Comparable Companies' Multiple (CCM) / Earnings Capitalisation Value Method (ECV)

Under the CCM / ECV method, value of the equity shares of a company is arrived at by using multiples / capitalization rates derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples / capitalization rates need to be chosen carefully and adjusted for differences between the circumstances.

We have performed a search for suitable comparable companies for the Undertakings to derive an appropriate capitalization rate / multiple. In case of Demerged Undertaking 1 and Demerged Undertaking 2, there are no listed closely comparable companies which are primarily engaged in the similar businesses though there are listed comparable which have divisions engaged in the similar businesses and their combined earning multiple cannot be applied to the business earning of Demerged Undertaking 1 and Demerged Undertaking 2. In the circumstances, we have considered it appropriate not to apply this method in the present exercise.

Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary / preferential issues / open offer in the shares of the company as envisaged in the overall scheme of arrangement and reported to the stock exchanges / available in the public domain.

In the present case, the shares of HSIL are listed on NSE and BSE and well traded on these stock exchanges, however, the valuation of the Demerged undertaking 1, Demerged Undertaking 2 and Remaining Undertaking cannot be calculated using the same market price and doing the split of the same on certain parameters as the different business segments have their different risk and rewards. We have computed the market value of HSIL and for the reasons mentioned above, we have considered it appropriate only to keep the value under this method in the background for our analysis.

Discounted Cash Flows (DCF) Method

The DCF method uses the future free cash flows of the firm discounted by the cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business. Considering that this method is based on future potential and is widely accepted, we have used this approach in the valuation in the present exercise.

Using the DCF analysis involves determining the following: Estimating future free cash flows:

- Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital — both debt and equity.
- Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value available to the equity shareholders of HSIL, the values arrived above under DCF method are adjusted for, inter-alia, the value of loans, cash, surplus / non-operating assets/liabilities(if any) as deemed appropriate for the purpose of our valuation analysis.

VII. BASIS OF PROPOSED SHARE ENTITLEMENT RATIO

The fair basis for the Proposed Demerger would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending a Share Entitlement Ratio, it is necessary to arrive at a single value for the shares of the concerned undertakings. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the shares of the Undertakings but at their relative values to facilitate the determination of the share entitlement ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

We have carried out a relative valuation of the equity values of the Undertakings and have given weights to the values arrived at under different methodologies, based on their evaluation and judgement of the businesses of the Undertakings, in order to arrive at the relative values of the Undertakings in order to arrive at the Fair Share Entitlement Ratio for the Proposed Demerger.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuers and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a business. This concept is also recognised in judicial decisions.

The Fair Share Entitlement Ratio has been arrived at on the basis of a relative valuation of Undertakings based on the various methodologies explained herein earlier and various qualitative factors relevant to each Undertaking and the business dynamics and growth potentials of the

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businesses of the Undertakings, having regard to information base, key underlying assumptions and limitations.

We have considered the following additional factors while arriving at the Share Entitlement Ratio for the proposed demerger of CPDM Undertaking& Retail Undertaking and BPDM Undertaking of HSIL into Resulting Company 1 and Resulting Company 2 respectively:

A. Capital employed in the business;

B. Equity servicing capacity, and

C. Shareholders' profile and other relevant factors.

We are given to understand by the Management that the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 will be as per requirement of the Section 2(19AA) of the Income tax Act,1961. Accordingly, HSIL will transfer the assets and liabilities of Demerged undertaking 1 and Demerged Undertaking 2 to Resulting Company 1 and Resulting Company 2, respectively,at Book Value (as defined in the Proposed Scheme).Further, we understand thatthe shareholders of HSIL would be entitled to shares of Resulting Company 1 in the same proportion which they currently own shares directly inHSIL.

VIII. RECOMMENDED RATIO

It may be noted that any proposed share entitlement ratio for the Demerger can be considered as fair and reasonable, only if the proposed share entitlement ratio to be adopted does not result in any adverse consequence to the shareholders of HSIL.

Considering that ultimate shareholding of Demerged Undertaking 1 and Demerged Undertaking 2 would not change on account of the Proposed Scheme, the proposed Demerger of Demerged Undertaking 1 into Resulting Company 1 and demerger of Demerged Undertaking 2 into Resulting Company 2 would be value-neutral to ultimate shareholders of HSIL.Once the Scheme is implemented, all the equity shareholders of HSIL would be allotted equity shares of Resulting Company 1 besides their existing equity holding in HSIL. No shareholder is, under the ProposedScheme, required to dispose-off any part of its shareholding either to any of the other shareholders or in the market or otherwise. The proposed demerger does not envisage the dilution of the effective holding of any one or more shareholders as a result of the operation of the ProposedScheme.

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion, the Fair Share Entitlement Ratio for the Proposed Scheme is as follows:

"Fair Share Entitlement Ratio for the Proposed Demerger – 1 (one) Equity Share of Rs. 2 each of Resulting Company 1 to be issued against 1 (one)Equity Share of face value of Rs. 2 each of HSIL"

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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 law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed demerger.

The fee for the report is not contingent upon the results reported.

We owe responsibility to only the directors of the Company that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this report, and our report is conditional upon an express indemnity from the Company in our favor holding us harmless from and against any cost, damage, expense and other consequence in connection with the provision of this report. This report is subject to the laws of India. Our liability would be limited to the fee received by us from the present exercise.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than for submission to NCLT, BSE Limited, National Stock Exchange Limited, other regulatory authorities and inspection by shareholders in connection with the proposed demerger, without our prior written consent. In addition, we express no opinion or recommendation as to how the shareholders of Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed demerger.

Yours faithfully,

Santosh K Singh & Co., Chartered Accountants

FRN 019877N

SANTOSH K. SINGH & CO. NEW DELHI Chartered Accountants

SK Singh

CA. Santosh Kumar Singh

Partner

M. No. 502320

Place: New Delhi

Date: Nov 8, 2017

Place:New Delhi

SANTOSH K. SINGH & CO. NEW DELHI Chartered Accountants

Annexure 1 Definition of Demerged Undertaking 1 and Demerged Undertaking 2,basis the Extract of the Proposed Scheme

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Santosh K. Singh & Co.
SKSingh
CA Santosh K Singh
Partner
M.N. 502320
FRN 019877N

SANTOSH K. SINGH & CO. NEW DELHI Chartered Accountants

ANNEXURE-IV

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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. Salil Bhandari - Member

BY INVITATION

Dr. Rajendra Kumar Somany	Chairman and Managing Director
Mr. R. B. Kabra	President (Building Products Division)
Mr. Sandeep Sikka	Chief Financial Officer
Mr. G. Harsha Kadam	Chief Executive Officer (Packaging Products Division)
Mr. Sanjay Gaur	Chief Human Resource Officer
Mr. O. P. Pandey	Sr. Vice President (Finance) (Packaging Products Division)
Mr. Naveen Malik	Associate Vice President (Corporate Finance)

INTERNAL AUDITORS

Mr. Neeraj Singhal	Head - Internal Audit
Mr. Mukul Trehan	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

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.

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**").

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For HSIL LIMITED
Company Secretary

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, initialed 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.

HSIL LIMITED * GURGAON *

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

10/11/2017

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

Date: 10th November, 2017

Place: Gurugram

ANNEXURE - V

To,

Date- November 9, 2017

The Board of Directors,

HSIL Limited

2, Red Cross Place, Kolkata,

West Bengal - 700 001, India

Sub: Opinion on the share entitlement ratio on the proposed composite scheme of arrangement for demerger of Consumer Products Distribution & Marketing Undertaking and the Retail Undertaking from HSIL Limited to Somany Home Innovation Limited, and demerger of Building Products Distribution & Marketing Undertaking from HSIL Limited to Brilloca Limited.

Dear Members of the Board:

We understand that Board of Directors of HSIL Limited (here in after referred as **"Demerged Company"** or **"HSIL"**) is considering a composite scheme of arrangement for demerger of Consumer Products Distribution and Marketing Undertaking (hereinafter referred as **"CPDM Undertaking"**) and the Retail Undertaking from the Demerged Company to Somany Home Innovation Limited, a wholly owned subsidiary of the Demerged Company, and demerger of Building Products Distribution and Marketing Undertaking (hereinafter referred as **"BPDM Undertaking"**) from the Demerged Company to Brilloca Limited, a wholly owned subsidiary of Somany Home Innovation Limited, with effect from the Appointed Date, i.e., 1st April 2018 or such other date as may be fixed or approved by the National Company Law Tribunal (hereinafter referred to as **"NCLT"**), through a composite scheme of arrangement under sections 230 – 232 of the Companies Act, 2013 (hereinafter referred to as **"Act"**), read with section 66 of the Act and other applicable provisions of the Act (hereinafter referred to as **"Proposed Scheme"**).

The Proposed Scheme provides for -

a. Demerger of CPDM Undertaking and Retail Undertaking (as more particularly defined in the Proposed Scheme and hereinafter referred as **'Demerged Undertaking 1'**) of the Demerged Company into its wholly owned subsidiary, Somany Home Innovation Limited (**"Resulting Company 1"**), on a going concern basis;

b. Demerger of BPDM Undertaking (as more particularly defined in the Proposed Scheme and hereinafter referred as **'Demerged Undertaking 2'**) of the Demerged Company into Brilloca Limited (**"Resulting Company 2"**), a wholly owned subsidiary of the Resulting Company 1, on a going concern basis;

c. On the coming into effect of the Proposed Scheme, cancellation of the existing share capital of Resulting Company 1, which is held by the Demerged Company;

d. On the coming into effect of the Proposed Scheme, simultaneous with the cancellation of the share capital of Resulting Company 1 held by the Demerged Company, issuance of equity shares by the Resulting Company 1 to the shareholders of the Demerged Company, as per the terms and conditions more fully set forth in the Proposed Scheme, which shall be listed at BSE Limited and National Stock Exchange of India Limited (NSE) (the **"Stock Exchanges"**), where the shares of the Demerged Company are presently listed. Accordingly, post the

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For HSIL LIMITED
Company Secretary

FINSHORE MANAGEMENT SERVICES LIMITED
(CIN : U74900WB2011PLC169377)
Registered Office: "Anandlok"
2nd Floor, Block-A, Room No. 207
227, A. J. C. Bose Road, Kolkata-700 020 West Bengal, Ind.
Ph: 033 2289 5101
Website : www.finshoregroup.com

coming into effect of the Proposed Scheme, there would be mirror-image, proportionate shareholding of Demerged Company and Resulting Company 1, i.e., economic interest of each of the shareholders of the Demerged Company shall remain intact and in the same ratio; and

e. Post the coming into effect of the Proposed Scheme, Resulting Company 2 will continue to remain wholly owned subsidiary of Resulting Company 1.

The share entitlement ratio for the Proposed Scheme has been determined by M/s Santosh K Singh & Co., Chartered Accountants, *vide* their valuation report dated [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. <u>Background of companies:</u>

1.1. **HSIL Limited**

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

(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.)

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. <u>Basis of our opinion</u>

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 Kolkata

FINSHORE MANAGEMENT SERVICES LIMITED
(CIN : U74900WB2011PLC169377)
Registered Office : "Anandlok"
2nd Floor, Block-A, Room No. 207,
227, A. J. C. Bose Road, Kolkata-700 020 West Bengal, India
Ph. : 033 2289 5101
Website : www.finshoregroup.com

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

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

"Considering above and subject to our caveats as provided in Annexure 1, we as a Merchant Banker hereby certify that we have reviewed the share entitlement ratio report for the Proposed Scheme of arrangement for demerger of CPDM Undertaking and Retail Undertaking of HSIL Limited to Resulting Company 1 and demerger of BPDM Undertaking of HSIL Limited to Resulting Company 2 and are of the opinion that share entitlement ratio of

a. 1 (one) equity shares of face value INR 2 (Rupees Two) each at par in Resulting Company 1 for every 1 (one) equity shares of face value of INR 2 (Rupees Two) held in the Demerged Company,

b. in consideration of transfer and vesting of CPDM and Retail Undertaking in Resulting Company 1 and BPDM undertaking in Resulting Company 2,

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

Thanking You,

For Finshore Management Services Limited

Finshore Management Services Limited Kolkata

Director

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

FINSHORE MANAGEMENT SERVICES LIMITED
(CIN : U74900WB2011PLC169377)
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227, A. J. C. Bose Road, Kolkata-700 020 West Bengal, India
Ph. : 033 2289 5101
Website : www.finshoregroup.com

Creating Enterprise Managing Values

Annexure

Caveats

1. Our opinion and analysis is limited to the extent of review of documents as provided to us by the Management of HSIL Limited, including the share entitlement ratio report prepared by Santosh K Singh & Co., Chartered Accountants and draft Proposed Scheme. We have relied on accuracy and completeness of all the information and explanations provided by the Management. We have not carried out any due diligence or independent verification or validation to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of demerged company/ resulting companies or their subsidiaries, if any.

2. We have no present or planned future interest in HSIL Limited / Somany Home Innovation Limited / Brilloca Limited and the fee payable for this opinion is not contingent upon the opinion reported herein. HSIL Limited has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omissions are avoided in our final opinion.

3. Our fairness opinion is not intended to and does not constitute a recommendation to any shareholders as to how such holder should vote or act in connection with the Proposed Scheme or any matter related thereto.

4. The Opinion contained herein is not intended to represent, at any time other than the date that is specifically stated, in this Report. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.

5. Our report should not be construed as an opinion or certificate certifying the compliance of the Proposed Scheme with the provisions of any law, including companies, taxation and capital markets related laws or as regards any legal implication or issues arising from the proposed demerger.

Finshore Management Services Limited Kolkata

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ANNEXURE - VI
(Pre-Shareholding dt:- 03/11/2017

Annexure - I

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 columus 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

HSIL LTD.

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

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	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)	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 Voting Rights – Class eg:x	Class eg:y	Total	Total as a % of (A+B+C)	No of shares Underlying outstanding 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) – No. (a)	As a % of total shares held (b)	Number of shares pledged or otherwise encumbered (XIII) – No. (a)	As a % of total shares held (b)	Number of equity shares held in dematerialized form (XIV)
(A)	Promoter & Promoter group	9	35012819	0	0	35012819	48.4296	35012819	0	35012819	48.4296	0	48.4296	0	0.0000	0	0.0000	35012819
(B)	Public	27320	37283576	0	0	37283576	51.5704	37283576	0	37283576	51.5704	0	51.5704	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	72296395	100.0000	72296395	0	72296395	100.0000	0	100.0000	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 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) — No of Voting Rights — Class x	Class y	Total	Total as a % of Total Voting rights	No of shares Underlying outstanding 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) — No. (a)	As a % of total shares held (b)	Number of shares pledged or otherwise encumbered (XIII) — No. (a)	As a % of total shares held (b)	Number of equity shares held in dematerialized form (XIV)
(1)	Indian																		
(a)	Individuals/Hindu undivided Family		5	5747719	0	0	5747719	7.9502	5747719	0	5747719	7.9502	0	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	4.2602	0	0.0000	0	0.0000	3080000
	SANDIP SOMANY	AIYPS6270N	1	2283563	0	0	2283563	3.1586	2283563	0	2283563	3.1586	0	3.1586	0	0.0000	0	0.0000	2283563
	SUMITA SOMANY	ALMPS0475L	1	161000	0	0	161000	0.2227	161000	0	161000	0.2227	0	0.2227	0	0.0000	0	0.0000	161000
	DIVYA SOMANY	ALMPS4606B	1	146912	0	0	146912	0.2032	146912	0	146912	0.2032	0	0.2032	0	0.0000	0	0.0000	146912
	SHASHVAT SOMANY	ENCPS4665E	1	76244	0	0	76244	0.1055	76244	0	76244	0.1055	0	0.1055	0	0.0000	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	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	29.4344	0	0.0000	0	0.0000	21280000
	SOMA INVESTMENTS LTD	AAACS0348E	1	4235000	0	0	4235000	5.8578	4235000	0	4235000	5.8578	0	5.8578	0	0.0000	0	0.0000	4235000
	NEW DELHI INDUSTRIAL PROMOTORS AND INVESTORS LTD	AAACN0092L	1	3750000	0	0	3750000	5.1870	3750000	0	3750000	5.1870	0	5.1870	0	0.0000	0	0.0000	3750000
	MATTERHORN TRUST	AAETM9786B	1	100	0	0	100	0.0001	100	0	100	0.0001	0	0.0001	0	0.0000	0	0.0000	100
	Sub Total		9	35012819	0	0	35012819	48.4296	35012819	0	35012819	48.4296	0	48.4296	0	0.0000	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	0.0000	0	0.0000	0
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		9	35012819	0	0	35012819	48.4296	35012819	0	35012819	48.4296	0	48.4296	0	0.0000	0	0.0000	35012819

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For HSIL LIMITED

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) (VIII)	Number of Voting Rights held in each class of securities (IX) — No of Voting Rights: Class x	Class y	Total	Total as a % of Total Voting rights	No of shares Underlying outstanding 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): No. (a)	As a % of total shares held (b)	Number of shares pledged or otherwise encumbered (XIII): No. (Not applicable) (a)	As a % of total shares held (Not applicable) (b)	Number of equity shares held in dematerialized form (XIV)
(1)	Institutions																		
(a)	Mutual Funds / UTI		30	18523320	0	0	18523320	25.6214	18523320	0	18523320	25.6214	0	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	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	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	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	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	1.4524	0	0.0000	NA		1050000
(b)	Venture Capital Funds																		
(c)	Alternate Investment Funds		1	211291	0	0	211291	0.2923	211291	0	211291	0.2923	0	0.2923	0	0.0000	NA		211291
(d)	Foreign Venture Capital Investors																		
(e)	Foreign Portfolio Investors		62	4372485	0	0	4372485	6.0480	4372485	0	4372485	6.0480	0	6.0480	0	0.0000	NA		4372485
	RAMS EQUITIES PORTFOLIO FUND-INDIA EQUITIES PORTFOLIO FUND	AAHCR4850P	1	944692	0	0	944692	1.3067	944692	0	944692	1.3067	0	1.3067	0	0.0000	NA		944692
(f)	Financial Institutions / Banks		11	249716	0	0	249716	0.3454	249716	0	249716	0.3454	0	0.3454	0	0.0000	NA		233872
(g)	Insurance Companies		1	500	0	0	500	0.0007	500	0	500	0.0007	0	0.0007	0	0.0000	NA		0
(h)	Provident Funds / Pension Funds																		
(i)	Any Other (specify)																		
	Sub Total		105	23357312	0	0	23357312	32.3077	23357312	0	23357312	32.3077	0	32.3077	0	0.0000	NA		23340968

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For HSIL LIMITED

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) (VIII)	Number of Voting Rights held in each class of securities (IX) – No of Voting Rights: Class x	Class y	Total	Total as a % of Total Voting rights	No of shares Underlying outstanding 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): No. (a)	As a % of total shares held (b)	Number of shares pledged or otherwise encumbered (XIII): No. (Not applicable) (a)	As a % of total shares held (Not applicable) (b)	Number of equity shares held in dematerialized form (XIV)
(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	13.1697	9521205	0	9521205	13.1697	0	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	1.2480	902258	0	902258	1.2480	0	1.2480	0	0.0000	NA		902258
(b)	NBFCs registered with RBI		6	182633	0	0	182633	0.2526	182633	0	182633	0.2526	0	0.2526	0	0.0000	NA		182633
(c)	Employee Trusts																		
(d)	Overseas Depositories (holding DRs) (balancing figure)																		
(e)	Any Other (specify)																		
	Bodies Corporate		430	1978074	0	0	1978074	2.7361	1978074	0	1978074	2.7361	0	2.7361	0	0.0000	NA		1971890
	FAERING CAPITAL INDIA EVOLVING FUND	AAATF3215E	1	750000	0	0	750000	1.0374	750000	0	750000	1.0374	0	1.0374	0	0.0000	NA		750000
	Clearing Member		221	128593	0	0	128593	0.1779	128593	0	128593	0.1779	0	0.1779	0	0.0000	NA		128593
	Non Resident Individual		1122	1210401	0	0	1210401	1.6742	1210401	0	1210401	1.6742	0	1.6742	0	0.0000	NA		1199442
	Trusts		2	3100	0	0	3100	0.0043	3100	0	3100	0.0043	0	0.0043	0	0.0000	NA		3100
	Sub Total		27215	13926264	0	0	13926264	19.2627	13926264	0	13926264	19.2627	0	19.2627	0	0.0000	NA		12863834
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)		27320	37283576	0	0	37283576	51.5704	37283576	0	37283576	51.5704	0	51.5704	0	0.0000	NA		36204802

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For HSIL LIMITED

Company Secretary

HSIL LTD.

Table Iv - Statement Showing shareholding pattern of the Non Promoter - Non Public shareholder as on 03/11/2017

	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) — No of Voting Rights: Class x	Class y	Total	Total as a % of Total Voting rights	No of shares Underlying outstanding convertible securities (including Warrants) (X)	Total 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): No. (a)	As a % of total shares held (b)	Number of shares pledged or otherwise encumbered (XIII): No. (Not applicable) (a)	As a % of total shares held (Not applicable) (b)	Number of equity shares held in dematerialized form (XIV)
(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	0	0.0000	NA	NA	0

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For HSIL LIMITED

Company Secretary

(Post Share holding) dated - 10/11/2017

Annexure - I

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 columus 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

HSIL LTD.

Table I - Summary Statement holding of specified securities as on 10/11/2017

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	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)	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 outstanding 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)
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class eg:x	Class eg:y	Total								
(A)	Promoter & Promoter group	9	35012819	0	0	35012819	48.4296	35012819	0	35012819	48.4296	0	48.4296	0	0.0000	0	0.0000	35012819
(B)	Public	26689	37283576	0	0	37283576	51.5704	37283576	0	37283576	51.5704	0	51.5704	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	26698	72296395	0	0	72296395	100.0000	72296395	0	72296395	100.0000	0	100.0000	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 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) (VIII)	Number of Voting Rights held in each class of securities (IX) — No of Voting Rights: Class x	Class y	Total	Total as a % of Total Voting rights	No of shares Underlying outstanding 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): No. (a)	As a % of total shares held (b)	Number of shares pledged or otherwise encumbered (XIII): No. (a)	As a % of total shares held (b)	Number of equity shares held in dematerialized form (XIV)
(1)	Indian																		
(a)	Individuals/Hindu undivided Family		5	5747719	0	0	5747719	7.9502	5747719	0	5747719	7.9502	0	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	4.2602	0	0.0000	0	0.0000	3080000
	SANDIP SOMANY	AIYPS6270N	1	2283563	0	0	2283563	3.1586	2283563	0	2283563	3.1586	0	3.1586	0	0.0000	0	0.0000	2283563
	SUMITA SOMANY	ALMPS0475L	1	161000	0	0	161000	0.2227	161000	0	161000	0.2227	0	0.2227	0	0.0000	0	0.0000	161000
	DIVYA SOMANY	ALMPS4606B	1	146912	0	0	146912	0.2032	146912	0	146912	0.2032	0	0.2032	0	0.0000	0	0.0000	146912
	SHASHVAT SOMANY	ENCPS4665E	1	76244	0	0	76244	0.1055	76244	0	76244	0.1055	0	0.1055	0	0.0000	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	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	29.4344	0	0.0000	0	0.0000	21280000
	SOMA INVESTMENTS LTD	AAACS0348E	1	4235000	0	0	4235000	5.8578	4235000	0	4235000	5.8578	0	5.8578	0	0.0000	0	0.0000	4235000
	NEW DELHI INDUSTRIAL PROMOTORS AND INVESTORS LTD	AAACN0092L	1	3750000	0	0	3750000	5.1870	3750000	0	3750000	5.1870	0	5.1870	0	0.0000	0	0.0000	3750000
	MATTERHORN TRUST	AAETM9786B	1	100	0	0	100	0.0001	100	0	100	0.0001	0	0.0001	0	0.0000	0	0.0000	100
	Sub Total		9	35012819	0	0	35012819	48.4296	35012819	0	35012819	48.4296	0	48.4296	0	0.0000	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	0.0000	0	0.0000	0
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		9	35012819	0	0	35012819	48.4296	35012819	0	35012819	48.4296	0	48.4296	0	0.0000	0	0.0000	35012819

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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) (VIII)	Number of Voting Rights held in each class of securities (IX) - No of Voting Rights - Class x	Class y	Total	Total as a % of Total Voting rights	No of shares Underlying outstanding 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) - No. (a)	As a % of total shares held (b)	Number of shares pledged or otherwise encumbered (XIII) - No. (Not applicable) (a)	As a % of total shares held (Not applicable) (b)	Number of equity shares held in dematerialized form (XIV)
(1)	Institutions																		
(a)	Mutual Funds / UTI		30	18523320	0	0	18523320	25.6214	18523320	0	18523320	25.6214	0	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	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	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	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	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	1.4524	0	0.0000	NA		1050000
(b)	Venture Capital Funds																		
(c)	Alternate Investment Funds		1	211291	0	0	211291	0.2923	211291	0	211291	0.2923	0	0.2923	0	0.0000	NA		211291
(d)	Foreign Venture Capital Investors																		
(e)	Foreign Portfolio Investors		62	4373779	0	0	4373779	6.0498	4373779	0	4373779	6.0498	0	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	1.3067	0	0.0000	NA		944692
(f)	Financial Institutions / Banks		11	249469	0	0	249469	0.3451	249469	0	249469	0.3451	0	0.3451	0	0.0000	NA		233625
(g)	Insurance Companies		1	500	0	0	500	0.0007	500	0	500	0.0007	0	0.0007	0	0.0000	NA		0
(h)	Provident Funds / Pension Funds																		
(i)	Any Other (specify)																		
	Sub Total		105	23358359	0	0	23358359	32.3092	23358359	0	23358359	32.3092	0	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) (VIII)	Number of Voting Rights held in each class of securities (IX): No of Voting Rights: Class x	Class y	Total	Total as a % of Total Voting rights	No of shares Underlying outstanding 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): No. (a)	As a % of total shares held (b)	Number of shares pledged or otherwise encumbered (XIII): No. (Not applicable) (a)	As a % of total shares held (Not applicable) (b)	Number of equity shares held in dematerialized form (XIV)
(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		24702	9410390	0	0	9410390	13.0164	9410390	0	9410390	13.0164	0	13.0164	0	0.0000	NA		8365103
	ii.Individual shareholders holding nominal share capital in excess of Rs.2 lakhs		6	902258	0	0	902258	1.2480	902258	0	902258	1.2480	0	1.2480	0	0.0000	NA		902258
(b)	NBFCs registered with RBI		6	181882	0	0	181882	0.2516	181882	0	181882	0.2516	0	0.2516	0	0.0000	NA		181882
(c)	Employee Trusts																		
(d)	Overseas Depositories (holding DRs) (balancing figure)																		
(e)	Any Other (specify)																		
	Bodies Corporate		414	1997666	0	0	1997666	2.7632	1997666	0	1997666	2.7632	0	2.7632	0	0.0000	NA		1991482
	FAERING CAPITAL INDIA EVOLVING FUND	AAATF3215E	1	750000	0	0	750000	1.0374	750000	0	750000	1.0374	0	1.0374	0	0.0000	NA		750000
	Clearing Member		342	224234	0	0	224234	0.3102	224234	0	224234	0.3102	0	0.3102	0	0.0000	NA		224234
	Non Resident Individual		1112	1206187	0	0	1206187	1.6684	1206187	0	1206187	1.6684	0	1.6684	0	0.0000	NA		1195228
	Trusts		2	2600	0	0	2600	0.0036	2600	0	2600	0.0036	0	0.0036	0	0.0000	NA		2600
	Sub Total		26584	13925217	0	0	13925217	19.2613	13925217	0	13925217	19.2613	0	19.2613	0	0.0000	NA		12862787
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)		26689	37283576	0	0	37283576	51.5704	37283576	0	37283576	51.5704	0	51.5704	0	0.0000	NA		36204802

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For HSIL LIMITED

Company Secretary

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)				No of shares Underlying outstanding convertible securities (including Warrants) (X)	Total 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			Total as a % of Total Voting rights			No. (a)	As a % of total shares held (b)	No. (Not applicable) (a)	As a % of total shares held (Not applicable) (b)	
									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	0	0.0000	NA	NA	0

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For HSIL LIMITED

Company Secretary

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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

Yaeh

Authorised Signatory/Director

ANNEXURE-VII

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)

For HSIL Limited

G. L. Sultania
Director

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For HSIL LIMITED

Company Secretary

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

Registered Office:
2, Red Cross Place,
Kolkata, West Bengal - 700 001 India.
T +91-33-2248 7406 / 07, Fax : +91-33-2248 7045

Corporate Office:
301-302, III[rd] Floor Park Centra, Sector-30, NH-8, Gurgaon - 122 001 India,
T+91-124-477 9200, Fax +91-124-429 2898 / 99

www.hindwarehomes.com

HSIL

HSIL 57 YEARS OF LEADERSHIP

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: Brilloca Limited

As Brilloca 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 Brilloca 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.L. Sultania
Director

Date : 10 November 2017
Place : Gurgaon

ANNEXURE-VIII

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

CERTIFIED TRUE COPY
For HSIL LIMITED
Company Secretary

Lodha & Co., New Delhi, Chartered Accountants

Companies), or any other regulatory authorities in relation to this Draft Scheme. This Certificate should not be used for any other purpose without our prior written consent.

This Certificate should be read together with the statement attached herewith (Annexure).

For LODHA & CO
Chartered Accountants
Firm Registration No.: 301051E

(Gaurav Lodha)
Partner
Membership Number: 507462
Place: New Delhi
Date: 10th November 2017

Annexure to Certificate on proposed accounting treatment of Composite Scheme of Arrangement

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

1. This annexure is issued in accordance with the terms of our engagement dated 10th November, 2017 and is forming an integral part of the Auditors' Certificate dated 10th .November , 2017.

2. The Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and 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.

LODHA New Delhi Chartered Accountants

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.

HSIL LIMITED GURGAON

Chartered Accountants

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

HSIL LIMITED GURGAON

ANNEXURE - IX

hindware

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 III**
	(d) Para (I)(A)(5)	Auditors certificate regarding compliance with Accounting Standards	Submitted Refer to **Annexure VIII**
	(e) Para (I)(A)(9)	Provision of approval of public shareholders through e-voting	Shall be complied with

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

ANNEXURE-X

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

CERTIFIED TRUE COPY

For HSIL LIMITED

Company Secretary

New Delhi
Chartered Accountants

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

New Delhi
Chartered Accountants

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

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New Delhi Chartered Accountants

HSIL

HSIL 57 YEARS OF LEADERSHIP

Superbrand

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

(G.L. Sultania)
Director

New Delhi
Chartered Accountants

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

HSIL 57 YEARS OF LEADERSHIP

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

HSIL LIMITED * GURGAON *

PREAMBLE

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

1.1 Details of the Demerged Company

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

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

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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;

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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;

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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 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

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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**

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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

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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

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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

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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 BPDM Undertaking with Resulting Company 2 occurs by virtue of this Scheme itself, Resulting Company 2 may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above. Resulting Company 2 shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

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

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

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

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

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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, sub-division or consolidation, re-organisation, or in any other manner effect the reorganisation of capital of Resulting Company 2.

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

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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.

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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.

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

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

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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.

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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 Gèrman 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

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

HSIL LIMITED GURGAON

	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).

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ANNEXURE - XI

IN THE NATURE OF ABRIDGED PROSPECTUS/MEMORANDUM CONTAINING SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTION 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER (HEREINAFTER REFERRED TO AS THE "SCHEME")

This Document contains applicable information pertaining to Somany Home Innovation Limited, an unlisted entity involved in the proposed Composite Scheme of Arrangement ("Scheme") amongst HSIL Limited ("Demerged Company"), Somany Home Innovation Limited ("SHIL") and Brilloca Limited and their respective shareholders and creditors, in terms of the requirement specified in SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("SEBI Circular") read with the checklist issued by BSE Limited of the documents to be submitted along with an application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. Being a listed company, the Demerged Company is required to give the applicable information pertaining to Somany Home Innovation Limited (an unlisted company) in the format specified for an abridged prospectus as provided in Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

You may also download the Abridged Prospectus along with the Scheme as approved by the Board of Directors of HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and the Audit Committee of the Resulting Company vide their resolution dated 10th November, 2017 and copy of the Valuation report dated 8th November, 2017 issued by Santosh K Singh & Co., Chartered Accountants Fairness Report dated 9th November, 2017 issued by Finshore Management Services Limited, Merchant Banker from the websites of BSE Limited ("BSE") and NSE Limited ("NSE") where the equity shares issued pursuant to the Scheme are proposed to be listed. A copy of Abridged Prospectus shall be submitted to the Securities and Exchange Board of India ("SEBI").

SOMANY HOME INNOVATION LIMITED
Registered office: 2, Red Cross Place, Kolkata 700 001, West Bengal, India
Telephone:+91 3322487406; **Email:** ngoenka@hindware.co.in
CIN: U74999WB2017PLC222970
Contact person: Mr. Niranjan Kumar Goenka

PROMOTER

HSIL Limited

STATUTORY AUDITOR

Lodha& Co.
Chartered Accountants
12, Bhagat Singh Marg,
New Delhi110001
Telephone:01123710176

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CERTIFIED TRUE COPY

Somany Home Innovation Limited

For HSIL LIMITED
Company Secretary

PROMOTER OF SHIL

HSIL LIMITED ("HSIL")

HSIL Limitedis a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of the HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. HSIL was incorporated on February 8, 1960, under the name 'HindusthanTwyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware& Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware& Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009. The Corporate Identity Number of HSIL is L51433WB1960PLC024539.

The equity shares of HSIL are listed on BSE Limited and the National Stock Exchange of India Limited.

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

Promoters/Promoter Group of HSIL

Sl. No.	Name of Promoter/Promoter Group	No. of Shares Held	Percentage of Shareholding
1.	Dr. Rajendra Kumar Somany	30,80,000	4.26
2.	Mr. SandipSomany	22,83,563	3.16
3.	Ms. SumitaSomany	1,61,000	0.22
4.	Ms. DivyaSomany	1,46,912	0.20
5.	Mr. ShashvatSomany	76,244	0.11
6.	Paco Exports Limited	2,12,80,000	29.43
7.	Soma Investments Limited	42,35,000	5.86
8.	New Delhi Industrial Promotors and Investors Limited	37,50,000	5.19
9.	Matterhorn Trust	100	0.00
	Total	3,50,12,819	48.43

Board of Directors and KMPs of HSIL

Sl. No.	Name of Director and KMP	Designation
1.	Dr. Rajendra Kumar Somany	Chairman and managing Director and KMP
2.	Mr. SandipSomany	Vice Chairman and managing Director and KMP
3.	Mrs. SumitaSomany	Non Executive Non Independent Director
4.	Mr. Ashok Jaipuria	Independent Director
5.	Mr. Vijay Kumar Bhandari	Independent Director

Somany Home Innovation Limited

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

HSIL holds 5,00,000 Equity Shares of Somany Home Innovation Limited(including 6 Equity Shares through its nominees), constituting 100% of the total issued and paid up share capital of Somany Home Innovation Limited.

Financial information of HSIL

Sl. No.	Particulars	2016-17
1.	Paid-up share capital	Rs. 1445.97 lakh (including Forfeited Share Capital amounting to Rs. 0.04 lakh).
2.	Turnover	Rs. 222990.24 lakh
3.	Profit/Loss after Tax	Rs. 10301.08 lakh
4.	Total comprehensive income after tax	Rs. 10554.69 lakh

Shareholding Pattern of HSIL as on September 30, 2017

Sl. No.	Name of Promoter	No. of Shares Held	Percentage of Shareholding
1.	Promoter and Promoter Group	3,50,12,819	48.43
2.	Public	3,72,83,576	51.57
	Total	7,22,96,395	100

List of top 5 largest listed group companies as per Part A, Schedule VIII, Regulation 2, Item (IX) (C) (2) of the SEBI (ICDR) Regulations, 2009

HSIL Limited(*For details of HSIL Limited, please refer to the Section titled 'Promoter of SHIL, above*)

BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

Somany Home Innovation Limited ("**SHIL**") is company incorporated on September 28, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of SHIL is U74999WB2017PLC222970. The registered office of SHIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India.

SHIL is authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances, and faucets including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials, and building chemicals and also products like fire bricks, fire clay fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic

Somany Home Innovation Limited

wares, cement (ordinary white colouredportland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.).

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

BOARD OF DIRECTORS OF SHIL

Sl. No.	Name	Designation (independent / whole time / executive / nominee)	Experience including current / past position held in other firms	Other Directorships
1.	Mr. SandipSomany (DIN : 00053597)	Director	Mr. SandipSomany holds a Graduate degree and a diploma in Ceramic Manufacturing technology from US. He has over 32 years of experience in the ceramics and glass industry.	**Public limited companies** (a) JK Paper Limited; (b) HSIL Limited; (c) PACO Exports Limited; (d) New Delhi Industrial Promotors and Investors Limited; and (e) Brilloca Limited **Private limited companies** (a) Somany Faucets and Showers Private limited; and (b) Grindlay Properties Private Limited. **Other firms** (a) All India Glass Mfrs'. Federation; and (b) Indian Council of Sanitaryware Manufactures.
2.	Mr. GirdhariLalSultania (DIN : 00060931)	Director	Mr. GirdhariLalSultania is a Chartered Account and a Company Secretary. He possesses vast knowledge and experience in the fields of financial restructurings, corporate laws and legal compliances.	**Public limited companies** (a) The United Provinces Sugar Company Limited; (b) Somany Ceramics Limited; (c) HSIL Limited; (d) Somany Global Limited; (e) PACO Exports Limited; (f) Ayusri Health

Somany Home Innovation Limited

				Products Limited; (g) SR Continental Limited; (h) AGI Glasspack Limited; and (i) Brilloca Limited **Private limited companies** (a) Anand Apartment Maintenance Private limited; (b) Adarsh Barter Private limited; (c) LNR Exports Private limited; (d) LNR Investments and Trades Private limited; (e) Textool Mercantile Private limited; (f) Scope Vinimoy Private Limited; (g) Pioneer Resins & Aromatics Private Limited; (h) Raipur Agrotech Private Limited; and (i) T K Ghosh Investment Private Limited;
3.	Mr. Niranjan Kumar Goenka (DIN : 00060864)	Director	Mr. Niranjan Kumar Goenka holds a graduate degree. He has over 27 years of experience in the field of finance and secretarial compliances.	**Public limited companies** (a) Schablona India Limited; (b) HSIL Associates Limited; (c) SarvottamVanijya Limited; (d) PACO Exports Limited; (e) Bhilwara Holdings Limited; (f) AGI Glasspack Limited; (g) Brilloca Limited **Private limited companies** (a) Hindware Home Retail Private

Somany Home Innovation Limited

				Limited; (b) Blackberry Distributors Private Limited; (c) Textool Mercantile Private Limited; (d) Scope Vinimoy Private Limited; (e) Pioneer Resins & Aromatics Private Limited; (f) Metallite Suppliers Private Limited; (g) Mango Tree Tours & Exhibitions Private Limited; (h) Raipur Agrotech Private Limited; (i) Stepping Stones Infocom Private Limited; (j) T K Ghosh Investment Private Limited.

SHAREHOLDING PATTERN AS OF [NOVEMBER 13, 2017]

Sl. No.	Name of Shareholder	No. of Shares Held	Percentage of Shareholding
A. Promoter and Promoter Group			
1.	HSIL Limited	4,99,994	100.00
2.	Mr. Niranjan Kumar Goenka*	1	0.00
3.	Mr. G.L. Sultania*	1	0.00
4.	Mr. Manoj Kumar Aggarwal*	1	0.00
5.	Mr. Ravi Kedia*	1	0.00
6.	Mr. Ajay Kumar Dokania*	1	0.00
7.	Dr. Rajendra Kumar Soamny*	1	0.00
B. Public			
	-	-	-
	Total (A + B)	5,00,000	100.00

*Nominees of HSIL Limited.

AUDITED FINANCIALS

As Somany Home Innovation Limited has been incorporated recently, on September 28, 2017, there are no audited financials of the company available as on date.

INTERNAL RISK FACTORS

Somany Home Innovation Limited

1. The proposed Scheme is subject to the approval of shareholders and creditors of the respective companies, approval of the stock exchanges, SEBI and the National Company Law Tribunal. Non-receipt of approval from any of the aforementioned approvals will defeat the proposed demerger and the objects and benefits mentioned in the proposed Scheme will not be achieved.

2. Somany Home Innovation Limited, presently, does not carry on any business activity.

3. Somany Home Innovation Limited is presently an unlisted company and its equity shares are presently not available for trading on any stock exchange.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against and by Somany Home Innovation Limited and amount involved – NIL

B. Brief details of top 5 material outstanding litigations against Somany Home Innovation Limited and amount involved – NIL

C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoter / Group companies in last 5 financial years including outstanding action, if any – NIL

D. Brief details of outstanding criminal proceedings against Promoter - NIL

BRIEF DETAILS OF THE SCHEME

The composite scheme of arrangement ("**Scheme**") provides for the transfer and vesting of, (i) the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company to SHIL, a wholly owned subsidiary of the Demerged Company; and (ii) the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of SHIL, each as a going concern, pursuant to the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and provisions of other applicable laws.

The Appointed Date for the Scheme is April 1, 2018.

Upon the coming into effect of the Scheme and in consideration of, (i) the demerger of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company into SHIL, a wholly owned subsidiary of the Demerged Company; and (ii) the demerger of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of the SHIL, SHIL shall issue and allot to the shareholders of the Demerged Company, 1 equity share of Rs. 2 each of SHIL for every 1 equity share of Rs. 2 each of the Demerged Company.

The equity shares issued by SHIL pursuant to the Scheme are proposed to be listed on BSE Limited and the National Stock Exchange of India Limited.

The implementation of the Scheme will result in:

(a) creation of separate and distinct entities housing the demerged undertakings and remaining undertakings;

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

Somany Home Innovation Limited

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

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

DECLARATION

We hereby declare that all relevant provisions of theSEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017("**SEBI Circular**") and Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009("**SEBI ICDR Regulations**") have been complied with and no statement made in this Document is contrary to the provisions of the SEBI Circular or the SEBI ICDR Regulations. We further certify that all statements in this Document are true and correct.

For and on behalf of
Somany Home Innovation Limited

For Somany Home Innovation Limited:

Director

Name: Mr. Niranjan Kumar Goenka
Designation: Director

Place: Kolkata
Date: 17th November, 2017

IN THE NATURE OF ABRIDGED PROSPECTUS/MEMORANDUM CONTAINING SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT BETWEEN HSIL LIMITED, SOMANY HOME INNOVATION LIMITED AND BRILLOCA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTION 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER (HEREINAFTER REFERRED TO AS THE "SCHEME")

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You may also download the Abridged Prospectus along with the Scheme as approved by the Board of Directors of HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and the Audit Committee of the Resulting Company vide their resolution dated 10th November, 2017 and copy of the Valuation report dated 8th November, 2017 issued by Santosh K Singh & Co., Chartered Accountants Fairness Report dated 9th November, 2017 issued by Finshore Management Services Limited, Merchant Banker from the websites of BSE Limited ("BSE") and NSE Limited ("NSE") where the equity shares issued pursuant to the Scheme are proposed to be listed. A copy of Abridged Prospectus shall be submitted to the Securities and Exchange Board of India ("SEBI").

BRILLOCA LIMITED
Registered office:2, Red Cross Place, Kolkata, West Bengal 700 001, India
Telephone: +91 33 2248 7406; **Email:** ngoenka@hindware.co.in
CIN: U74999WB2017PLC223307
Contact person: Mr. Niranjan Kumar Goenka

PROMOTER
Somany Home Innovation Limited

STATUTORY AUDITOR
Lodha& Co.
Chartered Accountants
12, Bhagat Singh Marg,
New Delhi 110 001
Telephone:01123710176

INDEX

Somany Home Innovation Limited

Somany Home Innovation Limited ("SHIL")is a public limited company incorporated on September 28, 2017under the Companies Act, 2013, in the State of West Bengal.The Corporate Identity Number of SHIL is U74999WB2017PLC222970 and he registered office of SHIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. The issued, subscribed and paid-up share capital of SHILis Rs. 10,00,000, divided into 5,00,000 Equity Shares of Rs. 2 each.

SHILis authorised by its memorandum of association to *inter alia* carry on the business of importing, exporting, buying, selling, processing, manufacturing and dealing in all kinds of kitchen products like kitchen-sinks, chimneys, hobs, kitchen appliances and faucets, including chromium-plated fittings, bath tubs & whirlpools, shower enclosures, home appliances, furniture of all kinds, electrical products like air purifier, water purifier, air cooler, water heater lamps etc., decorative materials and building chemicals and also products like fire bricks, fire clay, fire cement, tiles, sewers, pipes, drain pipes, stone pipes, hume pipes, concrete pipes and pipes of all kinds, pottery tiles, lime, cement, china and terracotta, ceramic wares, cement (ordinary white coloured portland alumina blast furnace, silica, etc.) and cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares, etc.). At present, SHIL does not carry on any business activity. On coming into effect of the proposed Scheme, SHIL will engage in, and carry on, the business of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of HSIL.

Promoters of SHIL

Sl. No.	Name of Promoter	No. of Shares Held	Percentage of Shareholding
1.	HSIL Limited*	5,00,000	100
	Total	**5,00,000**	**100**

*6 of the Equity Shares are held by HSIL Limited though its nominees.

Board of Directors and KMPs of SHIL

Sl. No.	Name of Director and KMP	Designation
1.	Mr. GirdhariLalSultania	Director
2.	Mr. Sandip Somany	Director
3.	Mr. Niranjan Kumar Goenka	Director

SHIL holds 5,00,000Equity Sharesof Brilloca Limited(including 6 Equity Shares through its nominees), constituting 100% of the totalissued and paid up share capital of Brilloca Limited.

List of top 5 largest listed group companies as per Part A, Schedule VIII, Regulation 2, Item (IX) (C) (2) of the SEBI (ICDR) Regulations, 2009

HSIL LIMITED ("HSIL")

HSIL Limited is a public limited company incorporated under the Companies Act, 1956, in the State of West Bengal. The registered office of the HSIL is situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India. HSIL was incorporated on February 8, 1960, under the name 'HindusthanTwyfords Limited'. Subsequently, the name of HSIL was changed to 'Hindustan Sanitaryware& Industries Limited' with effect from May 3, 1969, and HSIL obtained a fresh certificate of incorporation from the Registrar of Companies, Kolkata, to the said effect. The name Hindustan Sanitaryware& Industries Limited was further changed to the present name HSIL Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Kolkata on March 24, 2009. The Corporate Identity Number of HSIL is L51433WB1960PLC024539.

The equity shares of HSIL are listed on BSE Limited and the National Stock Exchange of India Limited.

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

Promoters/Promoter Group of HSIL

Sl. No.	Name of Promoter/Promoter Group	No. of Shares Held	Percentage of Shareholding
2.	Dr. Rajendra Kumar Somany	30,80,000	4.26
3.	Mr. Sandip Somany	22,83,563	3.16
4.	Ms. SumitaSomany	1,61,000	0.22
5.	Ms. Divya Somany	1,46,912	0.20
6.	Mr. ShashvatSomany	76,244	0.11
7.	Paco Exports Limited	2,12,80,000	29.43
8.	Soma Investments Limited	42,35,000	5.86
9.	New Delhi Industrial Promotors and Investors Limited	37,50,000	5.19
10.	Matterhorn Trust	100	0.00
	Total	**3,50,12,819**	**48.43**

Board of Directors and KMPs of HSIL

Sl. No.	Name of Director and KMP	Designation
1.	Dr. Rajendra Kumar Somany	Chairman and managing Director and KMP
2.	Mr. Sandip Somany	Vice Chairman and managing Director and KMP
3.	Mrs. SumitaSomany	Non Executive Non Independent Director
4.	Mr. Ashok Jaipuria	Independent Director
5.	Mr. Vijay Kumar Bhandari	Independent Director
6.	Mr. GirdhariLalSultania	Non Executive Non Independent Director
7.	Mr. Nand Gopal Khaitan	Independent Director
8.	Dr. Rainer S. Simon	Independent Director
9.	Mr. Salil Bhandari	Independent Director
10.	Mr Sandeep Sikka	Chief Financial Officer-
11.	Ms Payal M Puri	Company Secretary

HSIL holds 5,00,000 Equity Shares of Somany Home Innovation Limited (including 6 Equity Shares through its nominees), constituting 100% of the total issued and paid up share capital of Somany Home Innovation Limited.

BRILLOCA LIMITED

Financial information of HSIL

Sl. No.	Particulars	2016-17
1.	Paid-up share capital	Rs. 1445.97 lakh(including Forfeited Share Capital amounting to Rs. 0.04 lakh).
2.	Turnover	Rs. 222990.24 lakh
3.	Profit/Loss after Tax	Rs. 10301.08 lakh
4.	Total comprehensive income after tax	Rs. 10554.69 lakh

Shareholding Pattern of HSIL as on September 30, 2017

Sl. No.	Name of Promoter	No. of Shares Held	Percentage of Shareholding
1.	Promoter and Promoter Group	3,50,12,819	48.43
2.	Public	3,72,83,576	51.57
	Total	**7,22,96,395**	**100**

BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

Brilloca Limited is a company incorporated on November 2, 2017, under the Companies Act, 2013, in the State of West Bengal. The Corporate Identity Number of Brilloca Limited is U74999WB2017PLC223307. The registered office of Brilloca Limitedis situated at 2, Red Cross Place, Kolkata, West Bengal 700 001, India.

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

At present, Brilloca Limited does not carry on any business activity. On coming into effect of the proposed Scheme, Brilloca Limitedwill engage in, and carry on, the business of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of HSIL Limited.

BOARD OF DIRECTORS OF BRILLOCA LIMITED

Sl. No.	Name	Designation (independent / whole time / executive /	Experience including current / past position held in other firms	Other Directorships

BRILLOCA LIMITED

		nominee)		
1.	Mr. SandipSomany (DIN : 00053597)	Director	Mr. Sandip Somany holds a Graduate degree and a diploma in Ceramic Manufacturing technology from US. He has over 32 years of experience in the ceramics and glass industry.	**Public limited companies** (a) JK Paper Limited; (b) HSIL Limited; (c) PACO Exports Limited; (d) New Delhi Industrial Promotors and Investors Limited; and (e) Somany Home Innovation Limited. **Private limited companies** (a) Somany Faucets and Showers Private limited;and (b) Grindlay Properties Private Limited. **Other firms** (a) All India Glass Mfrs'. Federation; and (b) Indian Council of Sanitaryware Manufactures.
2.	Mr. GirdhariLalSultania (DIN : 00060931)	Director	Mr. Girdhari Lal Sultania is a Chartered Account and a Company Secretary. He possesses vast knowledge and experience in the fields of financial restructurings, corporate laws and legal compliances.	**Public limited companies** (a) The United Provinces Sugar Company Limited; (b) Somany Ceramics Limited; (c) HSIL Limited; (d) Somany Global Limited; (e) PACO Exports Limited; (f) Ayusri Health Products Limited; (g) SR Continental Limited; (h) AGI Glasspack Limited; and

BRILLOCA LIMITED

				(i) Somany Home Innovation Limited. **Private limited companies** (a) Anand Apartment Maintenance Private limited; (b) Adarsh Barter Private limited; (c) LNR Exports Private limited; (d) LNR Investments and Trades Private limited; (e) Textool Mercantile Private limited; (f) Scope Vinimoy Private Limited; (g) Pioneer Resins & Aromatics Private Limited; (h) Raipur Agrotech Private Limited; and (i) T K Ghosh Investment Private Limited
3.	Mr. Niranjan Kumar Goenka (DIN : 00060864)	Director	Mr. Niranjan Kumar Goenka holds a graduate degree. He has over 27 years of experience in the field of finance and secretarial compliances.	**Public limited companies** (a) Schablona India Limited; (b) HSIL Associates Limited; (c) SarvottamVanijya Limited; (d) PACO Exports Limited; (e) Bhilwara Holdings Limited; (f) AGI Glasspack Limited; (g) Somany Home Innovation Limited. **Private limited companies** (a) Hindware Home Retail Private Limited; (b) Blackberry Distributors Private Limited; (c) Textool Mercantile Private Limited; (d) Scope Vinimoy Private Limited;

BRILLOCA LIMITED

				(e) Pioneer Resins & Aromatics Private Limited; (f) Metallite Suppliers Private Limited; (g) Mango Tree Tours & Exhibitions Private Limited; (h) Raipur Agrotech Private Limited; (i) Stepping Stones Infocom Private Limited; (j) T K Ghosh Investment Private Limited.

SHAREHOLDING PATTERN AS ONNovember 10, 2017

Sl. No.	Name of Shareholder	No. of Shares Held	Percentage of Shareholding
A. Promoter and Promoter Group			
1.	Somany Home Innovation Limited*	4,99,994	100.00
2.	Mr. Niranjan Kumar Goenka*	1	0.00
3.	Mr. G.L. Sultania*	1	0.00
4.	Mr. Manoj Kumar Aggarwal*	1	0.00
5.	Mr. Ravi Kedia*	1	0.00
6.	Mr. Ajay Kumar Dokania*	1	0.00
7.	Dr. Rajendra Kumar Soamny*	1	0.00
B. Public			
	-	-	-
	Total (A + B)	**5,00,000**	**100.00**

*Nominees of HSIL Limited.

AUDITED FINANCIALS

AsBrilloca Limitedhas been incorporated recently, on November 2, 2017, there are no audited financials of the company available as on date.

INTERNAL RISK FACTORS

1. The proposed Scheme is subject to the approval of shareholders and creditors of the respective companies, approval of the stock exchanges, SEBI and the National Company Law Tribunal. Non-receipt of approval from any of the aforementioned approvals will defeat the proposed demerger and the objects and benefits mentioned in the proposed Scheme will not be achieved.

2. Brilloca Limited, presently, does not carry on any business activity.

BRILLOCA LIMITED

3. Brilloca Limited is an unlisted company and its equity shares are not available for trading on any stock exchange. Further, Brilloca Limited will continue to remain an unlisted company even after the proposed Scheme becomes effective.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against and by Brilloca Limitedand amount involved – **NIL**

B. Brief details of top 5 material outstanding litigations against Brilloca Limited and amount involved – **NIL**

C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoter / Group companies in last 5 financial years including outstanding action, if any – **NIL**

D. Brief details of outstanding criminal proceedings against Promoter - **NIL**

BRIEF DETAILS OF THE SCHEME

The composite scheme of arrangement ("**Scheme**") provides for the transfer and vesting of, **(i)** the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company to SHIL, a wholly owned subsidiary of the Demerged Company; and **(ii)** the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of SHIL, each as a going concern, pursuant to the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and provisions of other applicable laws.

The Appointed Date for the Scheme is April 1, 2018 or such other date as the National Company Law Tribunal may direct.

Upon the coming into effect of the Scheme and in consideration of, **(i)** the demerger of the Consumer Products Distribution and Marketing Undertaking (CPDM Undertaking) and Retail Undertaking of the Demerged Company into SHIL, a wholly owned subsidiary of the Demerged Company; and **(ii)** the demerger of the Building Products Distribution and Marketing Undertaking (BPDM Undertaking) of the Demerged Company into Brilloca Limited, a wholly owned subsidiary of SHIL, SHILshall, on behalf of itself and Brilloca Limited, issue and allot to the shareholders of the Demerged Company, 1 equity share of Rs. 2 each of SHIL for every 1 equity share of Rs. 2 each of the Demerged Company.

The equity shares issued by SHIL pursuant to the Scheme are proposed to be listed on BSE Limited and the National Stock Exchange of India Limited.

The implementation of the Scheme will result in:

(a) creation of separate and distinct entities housing the demerged undertakings and remaining undertakings;

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

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

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

DECLARATION

We hereby declare that all relevant provisions of the SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("**SEBI Circular**") and Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009("**SEBI ICDR Regulations**") have been complied with and no statement made in this Document is contrary to the provisions of the SEBI Circular or the SEBI ICDR Regulations. We further certify that all statements in this Document are true and correct.

For and on behalf of
Brilloca Limited

For BRILLOCA LIMITED

Authorised Signatory/Director

Name: Mr. Girdhari Lal Sultania

Designation: Director

Place: Kolkata
Date: 17th November, 2017

ANNEXURE- XII

SPA
THE FINANCIAL ADVISORS
www.spacapital.com

SPA Capital Services Ltd.
CIN: U65910DL1984PLC018749

25, C-Block Community Centre
Janak Puri, New Delhi-110 058
Tel.: 011-25517371, 45675500
Fax : 011-25572342
Email : info@spacapital.com

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

Sub: Certificate on adequacy and accuracy of disclosure of information pertaining to Somany Home Innovation Limited and Brilloca Limited in relation to proposed Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited

Dear Sirs,

We, SPA Capital Advisors Limited, refer to our engagement letter dated November 10, 2017 whereby HSIL Limited. ("**HSIL**" or "**Demerged Company**") has appointed us for the purpose of certifying the adequacy and accuracy of disclosure of information pertaining to Somany Home Innovation Limited ("**SHIL**") and Brilloca Limited ("**Brilloca**") pursuant to the proposed Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited pursuant to Section 230-232 of Companies Act, 2013.

Regulatory Requirement

SEBI vide its circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**SEBI Circular**") prescribed requirements to be filled by the listed entities when they propose a Scheme of Arrangement. The SEBI Circular, amongst other things, provide that in the event a listed entity enters into a Scheme of Arrangement with an unlisted entity, the listed entity shall disclose to its shareholders applicable information pertaining to the unlisted entity in the format specified for Abridged Prospectus as provided in Part D of schedule VIII of SEBI(ICDR) Regulations,2009.

Disclaimer and Limitation:

- This Certificate is a specific purpose certificate issued in terms of and in compliance with SEBI circular and hence it should not be used for any other purpose or transaction.
- This certificate contains the certification on adequacy and accuracy of disclosure of information pertaining to the unlisted entity viz., SHIL and Brilloca.
- This Certificate is issued on the basis of examination of Information and documents provided by HSIL, SHIL and Brilloca ("**All Entities**") and information which is available in the public domain and wherever required, the appropriate representation from All Entities has also been obtained.
- We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out here in this report.
- Our opinions should not be construed as us opining or certifying the compliance of the proposed Scheme of Arrangement with the provision of any law including companies, taxation, capital market, related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction.

SPA Capital Advisors Limited New Delhi

CERTIFIED TRUE CO

For HSIL LIMITED

Company Secretary

SPA

www.spacapital.com

Certification:

We state and confirm as follows:

- We have examined various documents and other materials in connection with finalization of draft disclosure of information dated November 20, 2017, pertaining to SHIL and Brilloca ("**Abridged Prospectus**") which will be circulated to the members of All Entities at the time of seeking their consent to the proposed scheme of Arrangement between HSIL, SHIL and Brilloca as a part of explanatory statement to the notice.
- On the basis of such examination and the discussion with the management of SHIL and Brilloca, its directors, others officers and on independent verification of contents of Abridged Prospectus and other paper furnished to us , WE CONFIRM that:

    1. The information contained in the Abridged Prospectus is in conformity with the relevant documents, materials and other papers related to SHIL and Brilloca.

    2. The Abridged Prospectus contains applicable information pertaining to SHIL and Brilloca as required in terms of SEBI Circular which, in our view are fair, adequate and accurate to enable the members to make a well informed decision on the proposed Scheme of Arrangement.

Date – November 20, 2017

Place- New Delhi

For SPA Capital Advisors Limited

SPA Capital Advisors Limited New Delhi

Vivek Gautam
Associate Director

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ANNEXURE XIII

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 Twyfords 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 28th September, 2017 as Public Limited.	The Company was incorporated on 2nd 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	(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 (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.		
Rationale for the scheme	• 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		

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For HSIL LIMITED

Company Secretary

	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. • 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.		
Date of resolution passed by the Board of Director of the company approving the scheme	10th November 2017	10th November 2017	10th November 2017
Date of meeting of the Audit Committee in which the draft scheme has been approved	10th November 2017	Not Applicable	Not Applicable
Appointed Date	1st April, 2018	1st April, 2018	1st 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	Pre Demerger : (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**");	Pre Demerger: Since RC -1 has been incorporated on 28th September 2017 therefore, there is no business as of 10 November 2017 Post Demerger: • 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	Pre Demerger: Since RC - 2 has been incorporated on 2nd November 2017 therefore, there is no business as of 10 November 2017. Post Demerger: • 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

	(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**"); (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**	referred to as "**Retail Undertaking**");	

For HSIL LIMITED

Company Secretary

	Undertaking"); and (g) wind power generation (hereinafter referred to as "**Power Undertaking**"). Post Demerger : (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**"); (b) manufacturing of certain specified consumer products like water heaters (hereinafter referred to as "**Consumer Products Manufacturing Undertaking**" or "**CPM Undertaking**"); (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 (d) wind power generation (hereinafter referred to as "**Power Undertaking**").		

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 10th 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 8th November 2017		

For HSIL LIMITED

Company Secretary

Fair value per shares	Refer valuation report dated 8th November 2017				
Exchange ratio	Refer valuation report dated 8th 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 Promotors 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

ANNEXURE- XIV

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

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For HSIL LIMITED
Company Secretary

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

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
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")

Rs. Crore

Particulars		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

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ANNEXURE - XV

Details of Capital evolution of the Demerged Company:

Date of Issue	No. of shares issued	Issue Price (Rs.)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No of shares)	Whether listed, if not listed, give reasons thereof
08.02.1960	10,000	10	Subscriber to Memorandum	10,000	Listed
16.08.1960	104,000	10	Allotted to Twyfords Limited, Collaborators	114,000	Listed
16.08.1960	100,900	10	Preferential allotment to Directors, their friends and associates	214,900	Listed
08.12.1960	40,000	10	Preferential allotment to Directors, their friends and associates	254,900	Listed
08.12.1960	145,100	10	IPO	400,000	Listed
	(765)	10	Out of 145100 Shares, 765 shares were forfeited	399,235	
01.03.1967	99,809	10	Bonus Issue 1:4	499,044	Listed
30.03.1970	239,542	10	Bonus Issue 48:100	738,586	Listed
25.02.1981	246,195	10	Bonus Issue 1:3	984,781	Listed
10.03.1984	67,500	10	Issued to the shareholders of erstwhile The Associated Glass Inds. Ltd. as per the scheme of amalgamation	1,052,281	Listed

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For HSIL LIMITED

Company Secretary

hindware

27.05.1988	526,141	10	Bonus Issue 1:2	1,578,422	Listed
01.12.1989	365,625	10	Issued to the shareholders of erstwhile Krishna Ceramics Ltd. as per the scheme of amalgamation	1,944,047	Listed
13.01.1994	1,543,816	45 (Rs. 35 as Premium)	Right-cum-public issue of PART-A converted into equity shares at premium	3,487,863	Listed
06.01.1995	1,525,198	96.53 (Rs. 86.53 as Premium)	Right-cum-public issue of PART-B converted into equity shares at premium	5,013,061	Listed
27.07.2000	600,000	79 (Rs. 69 as Premium)	Preferential allotment to Promoters at premium	5,613,061	Listed
28.01.2004	-	5	Split of equity shares from Rs. 10 to Rs. 5	11,226,122	Listed
18.01.2005	7,484,081	5	Bonus issue 2:3	18,710,203	Listed
09.12.2005	-	2	Split of equity shares from Rs. 5 to Rs. 2	46,775,508	Listed
24.07.2006	8,250,000	64.10 (Rs. 62.10 as Premium)	Shares allotted on 24th July, 2006 upon conversion of 33,00,000 FCDs allotted to HPC (Mauritius) Ltd into 82,50,000 equity shares of Rs. 2/- each	55,025,508	Listed
06.10.2010	11,020,887	136.10 (Rs. 134.10 as Premium)	Shares allotted under QIP Issue	66,046,395	Listed
16.03.2015	6,250,000	400 (Rs. 398 as Premium)	Shares allotted under QIP Issue	72,296,395	Listed

For HSIL LIMITED

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

Details of Capital evolution of the Resulting Company -1:

Date of Issue	No. of shares issued	Issue Price (Rs.)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No of shares)	Whether listed, if not listed, give reasons thereof
28.09.17	500,000	2	Subscriber to Memorandum	500,000	Not Listed, Resulting Company-1 incorporated as a Public Limited Company

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

Details of Capital evolution of the Resulting Company -2:

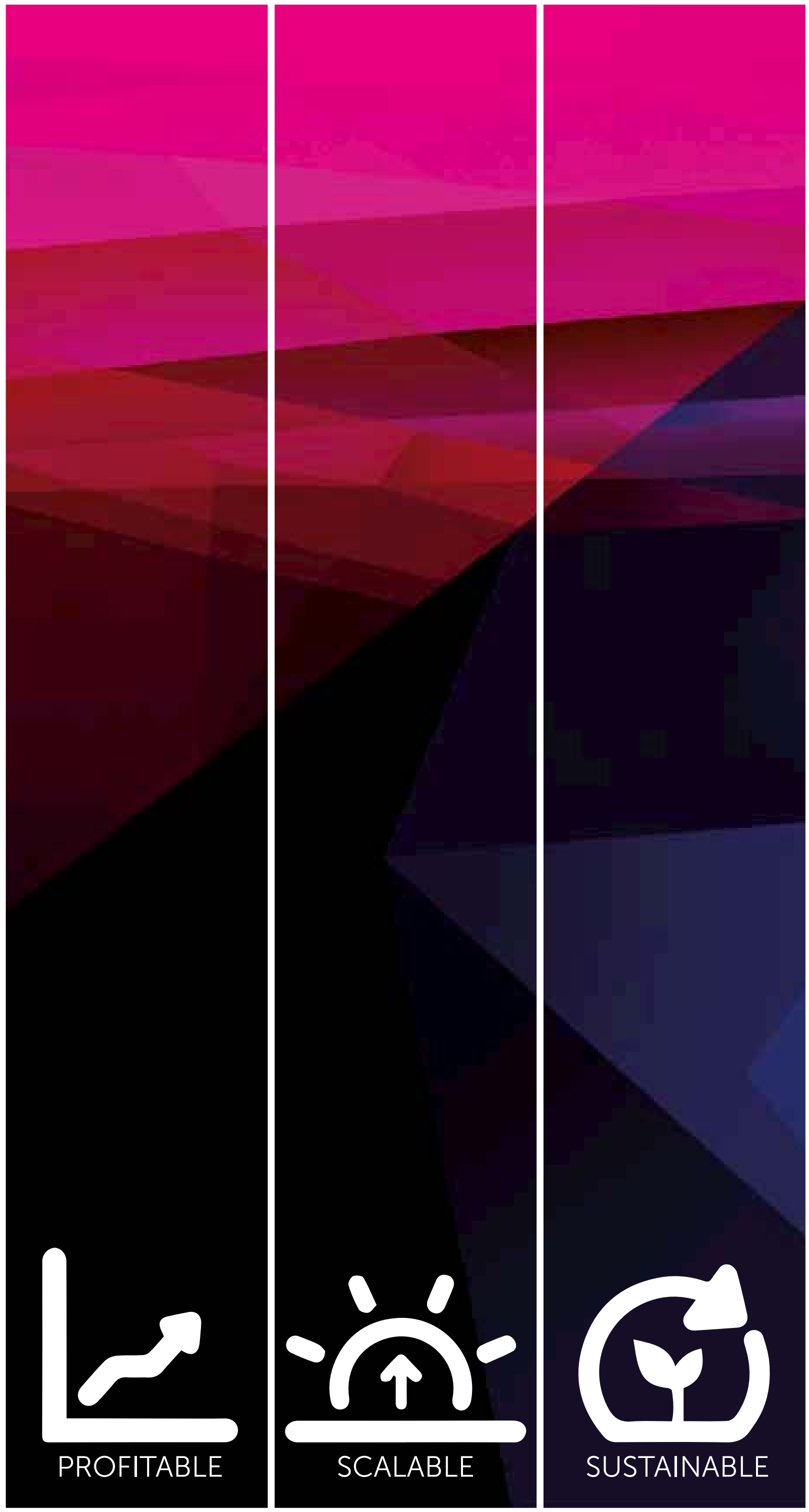
Date of Issue	No. of shares issued	Issue Price (Rs.)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No of shares)	Whether listed, if not listed, give reasons thereof
02.11.17	500,000	2	Subscriber to Memorandum	500,000	Not Listed, Resulting Company- 2 incorporated as a Public Limited Company

For BRILLOCA LIMITED

Authorised Signatory/Director

HSIL

POWER OF PLATFORMS



HSIL LIMITED | ANNUAL REPORT 2016-17

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hsilgroup.com
Annual Report 2016-17

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Power of Platforms

- At HSIL Limited, we have transformed our business around distinctive growth platforms.
- These platforms comprise Building Products, Consumer Products, Packaging Products and Retail Division.
- We believe that national economic growth will translate fastest into broad-based consumer offtake, which will inevitably extend to lifestyle changes in hygiene and related products.
- HSIL expects to address the robust national consumption story through these platforms.
- The creation of focused verticals around these distinctive business buckets is expected to catalyse our company, strengthen corresponding brands, enhance realisations and reinforce sustainability.

HSIL LIMITED IS MORE THAN A COMPANY. IT IS A TRUSTMARK.

A TRUSTMARK FOR WORLD-CLASS PRODUCT QUALITY, AVAILABILITY, ACCESSIBILITY AND SERVICE.

WHICH MEANS THAT WHEN CONSUMERS BUY INTO HSIL, THEY ENJOY A PEACE OF MIND.

Background: HSIL Limited is widely recognised by its brand 'Hindware', a household name in India. Set up in 1960 as Hindusthan Twyfords Ltd, with a technological collaboration with Twyfords UK, the company was renamed Hindustan Sanitaryware & Industries Limited in 1969; in March 2009, the company's name was changed to HSIL Limited. HSIL became the first sanitaryware company to be featured in the 'Fortune India 500' 2014 list – a ranking of the top 500 corporations in India.

Products: HSIL is synonymous with path-breaking products, differentiated designs, stylish flair and unbeatable quality. The result is that the company has not just competed for market share; it has transformed the Indian sanitaryware and faucets market and carved out a large share. Over the decades, the Company diversified into packaging – glass containers and PET bottles – through inorganic initiatives. Our foray into the Consumer Products business strengthened our product basket to match customer needs and aspirations. For focused growth, the Company segregated its business into four key verticals – Building Products, Consumer Products, Packaging Products and Retail.

Alliances: HSIL enjoys collaborations with leading global brands, namely Groupe Atlantic, VENTS and Sekisui Chemical Co. Ltd., etc which enables it to add unique products and novel designs to our expansive product portfolio.

Recognition: 'Hindware' is the proud recipient of the Star Export House certification from Ministry of Commerce. The brand has over 100 satisfied (B2B) customers across 40 countries in Europe ,UK, Russia, Middle East, Africa and the Australian region.

Location: The Company has its registered office in Kolkata and Corporate office in Gurugram (Haryana). The Company has ten (including one under construction at Medak, Telangana) manufacturing facilities. Our marketing and distribution is supported by area offices and eight regional offices. The Company's shares are listed on the Bombay Stock Exchange and National Stock Exchange.

VALUES

People excellence

Performance Excellence
- Teamwork to enable people to succeed beyond their capabilities
- Recognising and rewarding team performance
- Promoting cross-functional teams

Respect for Individual
- A culture of trust and openness
- Nurturing high performance in teams

Core Purpose & Values
- Learning for sustained competitive advantage
- Developing personally and professionally

Business excellence

Performance Excellence
- Passionately committed to achieve our goals
- Maintain a relentless focus on business objectives
- Strive to raise the performance in the business

Operational Excellence
- Strive for consistent and assured performance
- Setting benchmarks in operational processes

Customer Centricity
- Provide best in class experience to our customers
- Doing right for our internal and external customers

Leadership excellence

Innovation
- Foster innovation in our processes and products to create and deliver value
- Creativity and informed risk-taking

Agility
- Embracing change and adapting ourselves rapidly
- Respond quickly and effectively in order to seize opportunities

OUR AWARDS

48.43%
PROMOTER'S AND PROMOTER GROUP HOLDING, MARCH 31, 2017

51.57%
PUBLIC HOLDING, MARCH 31, 2017

3,800+
EMPLOYEE STRENGTH, MARCH 31, 2017

3,540+
TRADE PARTNER NETWORK (INCLUDING 340+ FOR CPD), MARCH 31, 2017

2,529.29
MARKET CAPITALISATION (AS PER NSE), MARCH 31, 2017 (₹ IN CRORE)

DOING THINGS RIGHT.
DOING THE RIGHT THINGS.

At HSIL, our guiding principles help us achieve sustainable growth and earn stakeholder respect.

We believe that governance and compliance are not restricted merely to the adherence of rules and regulations, but is about the larger objective of creating value.

DURING THE LAST FIVE-AND-A-HALF DECADES OF STEWARDING HSIL LIMITED, WE HAVE COME TO REALISE THAT LONG-TERM SUCCESS DEPENDS ON TWO OVERRIDING PRINCIPLES.

DOING THINGS RIGHT AND DOING THE RIGHT THINGS.

DOING THINGS RIGHT IS AN ETHICAL PHILOSOPHY. THE STRONG FOUNDATION OF ETHICAL VALUES ON WHICH OUR COMPANY WAS ESTABLISHED DECADES AGO PROVIDES US WITH THE STANDARDS WHICH GUIDE US TO CONDUCT OUR BUSINESS AND OURSELVES. THE COMPANY ENDEAVOURS TO MAINTAIN THE HIGHEST STANDARDS OF ETHICS WITH ALL OUR STAKEHOLDERS.

Dear shareholders,

Doing the right things is management i.e. implementing the vision. We have successfully built reputation in the business by focusing on a customer-centric approach with no compromise on quality, building strong brands, vast distribution channels, fostering an inclusive environment, supporting and nurturing our community and society at large and playing the role of a good corporate citizen.

At HSIL, these guiding principles have helped us achieve sustainable growth and stakeholder respect.

Doing things right

Businesses today operate in an environment which is evolving with an increased level of governance and compliance in line with the new regulations, which have come in force over last few years. The changes in laws and regulations also provide new opportunities for the organisation to grow in terms of efficiency, improved controls, increased customer satisfaction and market penetration. At HSIL, we have focused on building a robust governance and compliance system that focuses on ensuring that the Company satisfies the ever-changing needs of the operational and regulatory environment in which it operates. The Board of Directors and the senior management work in tandem to ensure that the company stays abreast of evolving laws and remains compliant. We believe that good governance helps us perform efficiently, which in turn helps us in winning the stakeholder's confidence. We believe that governance and compliance are not restricted merely to the adherence of rules and regulations, but is about the larger objective of creating value. Governance is not merely structure and process

but a complete system with purpose, inputs and output that involves people with value-creation at its heart.

Doing the right things

"Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before the defeat" – Sun Tzu

The key to success for any organisation is to merge strategy (creating the vision) with tactics (implementing the vision).

The consumer of today does not need yesterday's products designed a little differently and passed off as 'innovation'. Consumers are demanding new product features, need better designs and a superior price-value proposition. We are continuously investing in new product introductions that promise an entirely new experience to users. We are expanding product permutations as well, addressing a wide range of preferences. Our consumers do not only need to buy sanitaryware, but also seek to buy a number of lifestyle-enhancing domestic products. Based on market feedback, we launched a number of products and businesses to carve out a larger share of wallet spending.

Our consumer is also being influenced by convenience as regard to where to buy the largest quantity of complementary building products from a single location. Given this reality, we invested in retail gallerias, showrooms and shop-in-shops that stock all our products under one roof in addition to an online presence.

In order to meet the consumer's requirement of buying the best quality of products, we have invested in number of pan-India experiential retail centres that are in sync with the quality products that we market and our overall positioning of being a lifestyle-enriching company.

The consumer of our products seeks to buy at a point in time but be assured of first-rate support and service at any time thereafter. Given this reality, our company is extending and continuously investing from what was once a manufacturing-centric focus to what is now a fusion of manufacturing, distribution, service and support competencies.

Investing in the future

For the last five-and-a-half decades, we have worked towards creating value for our stakeholders. We have realised that the source of value has shifted from the tangible to the intangible. Apart from the financial capital and tangible assets that optically represent the main value drivers, intangible assets such as human capital, relationships with business partners, brand loyalty and company's innovation continue to create much stronger value in the eyes of the consumer.

We have created intangible assets in the form of relationships with the people or organisations a company sells its products to, relationship with organisations or individuals through which a company sells or is doing business with in general, an innovation pipeline of new leading-edge products that will increase the company's market share and will generate new profitable revenues in the future, a highly skilled and talented work force committed to the company, ever-progressing business processes and a corporate culture that helps to convert individual knowledge and skills into relationship value and innovation capital.

Business today is characterised by relentless change. To stay competitive, companies must continually grow and evolve. The aim of any organisation should be to renounce old habits, which act as hindrances to growth and find new paths of progress. This approach has led us to maintain our leadership position in our core businesses and at the same time break fresh ground in our pursuit for finding new avenues of growth. With an aim to invest in the future we forayed into the consumer products business in 2015. Our move has paid

The key to success for any organisation is to merge strategy (creating the vision) with tactics (implementing the vision).

The consumer of our products seek to buy at a point in time but be assured of first-rate support and service at any time thereafter.

WE RECOGNISE THAT IN ORDER TO ACHIEVE SUSTAINABLE GROWTH AN ORGANISATION NEEDS TO CONTRIBUTE TO THE DEVELOPMENT OF THE NATION, IMPROVE QUALITY OF LIFE OF ITS WORKFORCE AND IMMEDIATE FAMILIES, ADDRESS THE NEEDS OF THE COMMUNITY AND ENRICH THE SECTOR OF ITS PRESENCE.

rich dividends as we have been able to generate good volumes and reach out to a newer target audience. We had also invested in two greenfield plants to produce plastic plumbing pipes and fittings as well as security caps and closures (required in packaging) as an extension of our existing portfolio. These new plants are expected to commence commercial production during FY2017-18.

Building a better world

To be socially relevant, one needs to be socially responsible. At HSIL, this has been one of our guiding principles since inception. We recognise that in order to achieve sustainable growth an organisation needs to contribute to the development of the nation, improve quality of life of its workforce and immediate families, address the needs of the community and enrich the sector of its presence.

Over the years, HSIL focused on women's empowerment, primary education support, providing access to clean drinking water, sanitation and healthcare for the poor, among other grassroots interventions. We have earnestly supported girl child education and we intend to sustain this across the foreseeable future. During the year under review, we commissioned four primary healthcare centres called 'Swastha Sampada' with the objective to provide healthcare facilities to the marginalised, contributing in a small way towards building a better future for all.

A large part of our corporate philanthropic intent has extended beyond statutory requirement. Your company has been spending a majority of its CSR outgo in the areas of its manufacturing presence; during the year under review, it spent more than what was mandated. Much of this culture has been drawn from the enduring family culture of the promoters. From my childhood, I inculcated the habit of giving and gifting, which continues till today.

Over time, the company's philanthropic engagement has extended towards sectoral benefit as well. As simple sanitaryware pieces became progressively sophisticated with respect to design, electronic feature integration and improved tank fittings, there emerged a growing need for these to be installed and serviced by technically qualified and trained plumbers. The gap between need and availability inspired the Company's engagement in the area of plumber training, coinciding with the government's Skilling India priority. Following the creation of the Ministry of Skill Development, I was asked to head one of the Skill Councils with the objective to train and certify 1.2 million plumbers by 2022. It is a huge responsibility and a separate not-for-profit company was formed independently to carry out this task. I have been attached to the field of plumbing. This initiative will benefit the sector at large, providing manufacturers the confidence to create more sophisticated products, service customers better and provide a sustainable livelihood for millions – a win-win for all.

I am optimistic that we have created enough strength within the organisation that can withstand downtrends better, rebound faster and capitalise on the evolving strong opportunities emerging in the Indian and global markets with greater dynamism than ever.

This is the optimism that I wish to extend to all our stakeholders.

Warm regards,

Dr. Rajendra Kumar Somany
Chairman and Managing Director

Message of Vice-Chairman and Managing Director

THE POWER OF INTANGIBLES

Our Building Products Division's revenue grew by 8.0% from ₹961 crore in FY2015-16 to ₹1,038 crore in FY2016-17 led by the growth in our faucets business.

THE LAST ONE YEAR WITNESSED VARIOUS SIGNIFICANT GLOBAL AND DOMESTIC EVENTS LIKE UNITED KINGDOM'S EXIT FROM THE EUROPEAN UNION, NEW ECONOMIC POLICY INDICATIONS OF THE UNITED STATES GOVERNMENT FOLLOWING ELECTIONS, THE CURRENCY DEMONETISATION BY GOVERNMENT OF INDIA ETC., WHICH LED TO INCREASED UNCERTAINTIES.

DESPITE THE ABOVE, THE INDIAN ECONOMY HAS DEMONSTRATED ITS CORE FUNDAMENTAL STRENGTH IN WITHSTANDING THESE GLOBAL UNCERTAINTIES AND THE IMPLEMENTATION OF MAJOR ECONOMIC REFORMS BY THE GOVERNMENT OF INDIA. THIS IS EVIDENT FROM THE FACT THAT THE INDIAN ECONOMY IS STILL THE FASTEST GROWING MAJOR ECONOMY AND THE CENTRE-STAGE OF ATTRACTION FOR ALL LARGE GLOBAL PLAYERS.

Despite uncertainties during the year, our company maintained its leadership position in sanitaryware business and continued to strengthen its presence in the faucets business.

Dear shareholders,

Despite uncertainties during the year, our company maintained its leadership position in the sanitaryware business and continued to strengthen its presence in the faucets business. Our superior quality products being sold through a strong distribution network have held us in good stead in these testing times. Our Building Products Division's revenue grew by 8.0% from ₹961 crore in FY2015-16 to ₹1,038 crore in FY2016-17 led by the growth in our faucets business where our strategy to offer a wide variety of products that combine quality with stylish designs has helped us in gaining ground and work towards becoming a leading player in the faucets industry.

The company had invested resources over the last two years in building new businesses and our decision to enter the consumer products business has delivered results. Our products have received widespread acceptability with consumers and our consumer product business has demonstrated an over 100% compounded annual growth over the last two years with revenue of ₹128 crore in financial year 2016-17. Our focus on combining premium design, innovation and cutting edge technology to develop our modern and reliable range of products has allowed us to make strides and helped us emerge among the top 5 players in the kitchen chimney segment and emerge among major players in the premium water heaters market. Our newly launched products air purifiers, water purifiers and air coolers are also gaining ground.

The company also invested in the household plumbing pipes business (CPVC & UPVC pipes) and security caps & closures business; the greenfield plants for both the facilities are near completion and commercial production is expected during the financial year 2017-18.

Despite reporting good results in the first half of FY2016-17, our packaging products division could not maintain the growth momentum during the latter part of the year owing to external factors like a continued subdued demand from major soft drinks & liquor manufacturers, demonetisation and the Hon'ble Supreme Court's order banning liquor vending on national highways that affected sales of our packaging products. In order to offset the downturn in sales, the company is focussing on improving operational efficiencies, use of value-added products like Narrow Neck Press and Blow (NNPB), improving and diversifying our product portfolio cum customer base to boost sales and profitability.

India's economic growth story has led to the rise of the middle-class with higher disposable incomes in the hands of larger section of the population, which, in turn, means more leisure and discretionary spending. We have ensured that we are best-placed to capitalise on these opportunities by providing consumers with the best quality products using the latest technologies across the price spectrum.

The Power of Intangibles

Historically, the growth and success of the globally large corporations rested on their physical assets like oil fields, railroads, stores and factories etc.

However, with the evolution of time over the last few decades, although these companies still rank amongst the large global corporations, they have been gradually overtaken in terms of market capitalisation on account of intangibles like access to a vast array of consumers across the globe and providing value addition to their lives in different ways like social media, faster internet search engines etc. Unlike the old industrial giants, these companies rely not on physical assets for their prosperity, but on their ideas and innovation, which has created strong brands. Indeed, far from owning its factories, the globally largest mobile phone manufacturer outsources its production to third party manufacturers.

This change illustrates the increasing importance in the global economy of intangible assets, such as diversified brands, R&D capabilities, strong distribution networks, customer service etc. As manufacturing and manufactured goods have become commoditised, intangibles are driving wealth creation.

Our consumer product business has demonstrated over 100% compounded annual growth over last two years with revenue of ₹128 crore in FY2016-17.

The company had invested resources over last two years in building new businesses and our decision to enter the consumer products business has delivered results.

For much of the last five-and-a-half decades, HSIL generated a significant part of its growth out of its tangible manufacturing assets. The time has come to extend from this approach and grow faster through prudent investments in intangible resources.

At our company, we believe that the time has come for a responsible extension of our business model towards intangible building blocks, which will usher in the next phase in our growth story. Our belief lies in the fact that it is not a coincidence that companies that grow fastest are also those that make their products reach quickest to consumers through their distribution networks. It is not a surprise that companies that resist sectoral downtrends better and rebound faster thereafter are also those that prudently build enduring brands. It is not an unconnected reality that companies that complement conventional capital-intensive businesses with contemporary asset-light growth opportunities enrich their stakeholders fastest.

> We believe that time has come for responsible extension of our business model towards intangible building blocks, which will usher in the next phase in our growth story.

Brands

At our Company, we are investing extensively in brands. We are building each of our businesses around brands and corresponding personality. This is not only defining products and features; it is also enhancing the buyers' pride. As the brand delivers on its promise, brand loyalty increases, translating into a positive word-of-mouth for that brand, which, in turn, enhances our share of a customer's wallet. Over the decades, our Company has demonstrated the competence to build brands from scratch, make prudent and progressive brand investments in the form of celebrity endorsements, print, electronic and social media campaigns, use of e-commerce platforms etc. to enhance customer delight. We believe that brands will become increasingly relevant in a fast-evolving India. For one, there is a growing preference for buying branded products on account of their performance promise and quality. Besides, the expected introduction of Goods and Service Tax during FY2017-18 promises to accelerate the sales shift towards organised companies, making it worthwhile to invest larger resources in building brands.

At HSIL, we are adequately placed to capitalise on this traction. We possess an extensive and diverse portfolio of brands; our three most prominent brands (Queo, hindware Italian collection and hindware) generated the lion's share of revenues in FY2016-17. This highlights the health-robustness of our core brands even as we are engaged in building the rest of our brand portfolio.

At our Company, we are investing extensively in brands. We are building each of our businesses around brands and corresponding personality.

Distribution channels

At our company, the operative term is 'platform'. A platform is a holistic business model that creates value for stakeholders by facilitating exchanges between two or more interdependent groups, usually consumers, distributors and producers. Our management is engaged in creating select platforms that make our growth scalable and profitable, the very basis of long-term sustainability. We believe that robust operating platforms carve out larger market shares, generate higher margins, report higher profits and are valued significantly higher on the markets.

We believe that the country's distribution sector is at an inflection point. Following the proposed introduction of Goods and Service Tax in FY2017-18, we foresee a dramatic realignment; as unorganised players find it challenging to stay in business, hence creating interesting inorganic opportunities, there could be a corresponding shakeout at the distributor level as well. In this fluid environment, we believe that as some companies vacate, there will be a premium on robust distribution channels / partners working for competitive brands like ours. At HSIL, we believe that going forward, distribution channels will play a pivotal role in driving profits, building greater brand awareness and expanding our customer base. Nurturing existing distribution channels and building new ones is our effective strategy to increase business. The two factors critical to this will be the ability to reach products fastest to distributors (and hence to consumers); the ability to build distribution channels that make it possible to push a wider (but synergic) portfolio through these channels. We believe that the larger the throughput, the lower the costs and the more profitable the proposition for the company and its trade partners. We also believe that the wider the portfolio, the greater the opportunity for our trade partners to grow their relationship value with us, the bigger the convenience for consumers to buy a larger number of products from a single retail point and the better the opportunity for our company to account for a larger share of the customer's wallet.

At HSIL, we have prudently invested in our distribution channels in the last few years. We have grown our distribution family from 1,400+ trade partners in FY2009-10 to 3,540+ (including 340+ for consumer products) in FY2016-17; our products are available pan-India; we have not only grown the number of our trade partners but also enhanced corresponding throughput from each; most importantly, we have segregated our distribution channels across four distinctive groups, sanitaryware-faucets being one, consumer products being the other, pipes being the third and retail being the fourth, that now make it possible for us to introduce complementary products within each group.

I am optimistic that this diversification of our distribution network will enhance a broader portfolio focus, grow these large umbrellas faster and trigger a sales cross-flow that accelerates revenue growth and profitability.

GOING FORWARD, DISTRIBUTION CHANNELS WILL PLAY A PIVOTAL ROLE IN DRIVING PROFITS, BUILDING GREATER BRAND AWARENESS AND EXPANDING OUR CUSTOMER BASE. NURTURING EXISTING DISTRIBUTION CHANNELS AND BUILDING NEW ONES IS OUR EFFECTIVE STRATEGY TO INCREASE BUSINESS.

Benefits of going light

At HSIL, we have been predominantly a manufacturing-led business. Our existing business model has allowed us to be flexible and react quickly to changing market needs to serve consumers better and at the same time remain profitable.

As India's economy reinforces its position as the world's fastest growing major economy that puts larger disposable incomes in the hands of millions, lifestyle and discretionary spending is increasing. Much of this shift is resulting in unprecedented consumption extending from metro India to Tier 2 and Tier 3 Indian cities and towns. This has led us to think whether it is beneficial to go asset-light. Asset light business models have certain advantages over the conventional manufacturing-led business model, namely they can deliver a better return on assets, lower profit volatility, provide greater flexibility and have a great potential for scalability.

In consumer products, we have adopted an asset-light business model while introducing products comprising water heaters, air purifiers, air coolers, kitchen appliances and water purifiers. We have been able to provide our consumers reliable products with premium designs by sourcing quality products from strategic partners like Groupe Atlantic. Our approach has allowed us to gain a foothold in the market in a short span of time and provided a platform to augment our business.

At HSIL, we realise that in order to capture select market segments with products tailored to their needs, the asset-light model represents a better fit like in the case of new market opportunities that present through new government initiatives like Swachh Bharat Abhiyaan, Housing for All by 2022 (affordable housing) etc wherein the asset-light model would work well in meeting the massive demand for sanitary ware and faucets generated by these initiatives. Although margins are better in case of direct manufacture in building products, we feel that it is profitable to utilise outsourced capacities with lower overheads to gain additional volume with reasonable margins without incurring significant investment in the creation of additional capacities. We believe that such an approach is asset-light, scalable and profitable, reinforcing our sustainability.

At our Company, this strategy is already paying dividends. We have progressively increased the proportion of revenues derived from going light. We would like to communicate that this strategy is margins-accretive with a better return on capital employed and we expect to scale this across the foreseeable future.

In conclusion

At HSIL, we believe that the ongoing process of building growth platforms will represent the cornerstone around which our success will be built. As the company invests more in intangibles, we believe that consumer offerings will widen, brand loyalty will enhance, revenue growth will accelerate, margins will expand and cash flows will become larger. This is the blueprint of our transformation and how we expect to enhance shareholder value.

Sandip Somany
Vice Chairman and Managing Director

We have grown our distribution family from 1,400+ trade partners in FY2009-10 to 3,540+ in FY2016-17.

We have progressively increased the proportion of revenues derived from going light.

SECTION A

HSIL and a focus on the creation of long-term value

65.68

Profit before tax,
₹ in crore, FY2009-10

149.66

Profit before tax,
₹ in crore, FY2016-17

12.49

CAGR %,
7 years

Value creation at HSIL: An overview

433.88	2,529.29	28.64	8.30
Market capitalisation, ₹ in crore, FY2009-10	Market capitalisation, ₹ in crore, FY2016-17	CAGR, % 7 years	NSE Nifty 50 CAGR, % 7 years

WE TRANSFORMED OUR DNA WITH A SINGULAR OBJECTIVE: **TO ENHANCE VALUE**

We are pushing every business frontier with the objective to build a stronger company – more focused, better controlled, more liquid, effectively de-risked and with stronger business sustainability

The four pillars of our reinvention

- Focused verticals
- Business channels
- Balance Sheet strengthening
- Debt rationalisation

Focused verticals

We were once a sanitaryware and container glass company

We entered complementary areas – faucets, bathroom fittings, pipes and consumer products

Conventionally, these businesses were centrally managed

In the last couple of years, we created focused verticals to manage the diversified portfolio of products

Each of our eight businesses have been grouped under separate strategic business units (SBUs)

Focused verticals have allowed us to allocate responsibility, implement unit specific strategies and accelerate growth

Number of business, FY2009-10 : **3** • Number of business, FY2016-17 : **8**

Business channels

We once marketed sanitaryware products through a dedicated retail distribution channel

- When we launched new B2C products, we created new retail sales channels
- We have three retail distribution channels (sanitaryware-faucets, consumer products and retail)
- These channels will launch an increasing number of products
- The channels will be scalable and profitable, resulting in sustainability
- This approach will leverage intangible capital and enhance overall competitiveness

Number of B2C retail sales channels, FY2009-10: **1** • Number of B2C retail sales channels, FY2016-17: **3**

Balance Sheet strengthening

The Company possessed a net gearing of 1.55 as on March 31, 2014

- The Company decided to place equity shares with investors
- The Company conducted successful QIP of 62,50,000 equity shares aggregating ₹250 crore
- Net worth increased from ₹699 crore in March 2014 to ₹1154 crore in March 2017
- The Company's net gearing strengthened to 0.64 as on 31 March 2017
- Improved Balance Sheet set the tone for sustainable earnings growth

Net Gearing, FY2013-14: **1.55** • Net Gearing, FY2016-17: **0.64**

Debt rationalisation

The company had ₹1,081 crore net debt as on 31st March 2014 interest outflow was ₹68 crore in FY2013-14

- The company repaid ₹541 crore of debt in the 3 years ending FY2016-17
- Reduced interest rate on existing ECBs
- Availed new loans with elongated debt tenure to match the repayment cycle with project cash flows
- Interest outflow declined from ₹68 crore in FY2013-14 to ₹33 crore in FY2016-17
- Cash flows strengthened, interest cover (times) increased from 3.99x in FY2013-14 to 8.81x in FY2016-17

Interest Cover, FY2013-14: **3.99** • Interest Cover, FY2016-17: **8.81**

WE ENHANCE VALUE FOR OUR ECO-SYSTEM THROUGH VARIOUS BUSINESS-BUILDING INITIATIVES

ENHANCING SHAREHOLDER VALUE

Pioneer in Indian sanitaryware industry + Lifestyle-enhancing products + Focus on building enduring brands + Extensive distribution network + Market leadership + Pricing power + Superior terms of trade + Profitable growth + Debt rationalisation + Surplus reinvestment + Asset-light capacity growth + Building new distribution channels

BUSINESS SUSTAINABILITY

VALUE CREATION

Shareholders
- Steady dividend policy
- Attractive market capitalisation growth
- Focus on free cash generation

People
- Employee and vendor engagement
- Promote personal and professional development
- Fair and equitable wages / contracts

Customers
- Enhancing owner's pride
- Quality products
- First-rate service

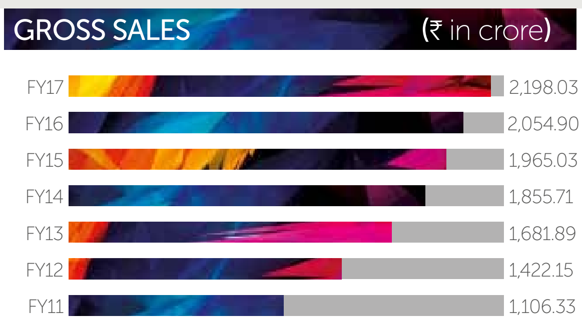
Communities
- Environmentally safe operations
- Responsible and ethical conduct
- Being socially responsible

Business
- Brands-driven
- Profitable growth
- Ongoing reinvestment and sustainability

Society
- Contribution to exchequer
- Driving employment
- Skilling people in complementary areas

Environment
- Lower water consumption per flush
- Moderated carbon footprint

HOW WE HAVE ENHANCED **VALUE OVER THE YEARS**

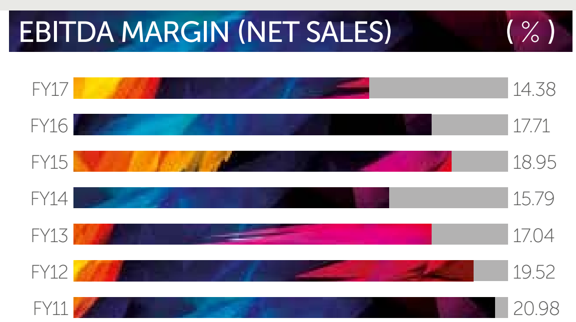


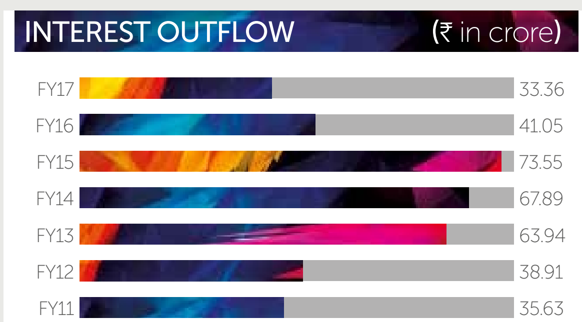
7-year CAGR in gross sales: 14.81%

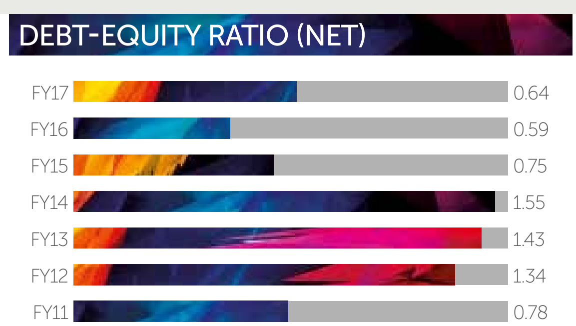
7-year CAGR in EBITDA: 9.59%

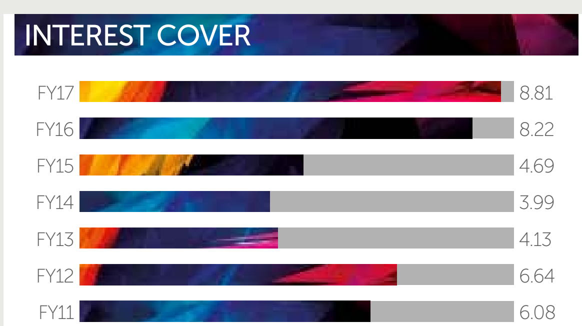
7-year CAGR in PBT: 12.49%

7-year CAGR in PAT: 10.13%


EBITDA MARGIN (NET SALES) (%)
FY17 14.38
FY16 17.71
FY15 18.95
FY14 15.79
FY13 17.04
FY12 19.52
FY11 20.98


INTEREST OUTFLOW (₹ in crore)
FY17 33.36
FY16 41.05
FY15 73.55
FY14 67.89
FY13 63.94
FY12 38.91
FY11 35.63


DEBT-EQUITY RATIO (NET)
FY17 0.64
FY16 0.59
FY15 0.75
FY14 1.55
FY13 1.43
FY12 1.34
FY11 0.78


INTEREST COVER
FY17 8.81
FY16 8.22
FY15 4.69
FY14 3.99
FY13 4.13
FY12 6.64
FY11 6.08

SUSTAINABLE VALUE-CREATION COMES FROM STRATEGIC DISCIPLINE

At HSIL, we believe that value is enhanced in a sustainable way when businesses invest in prevailing customer requirements on the one hand while seeding the markets of the future on the other. Having strategic discipline allows us to combine the essential priorities that we need to focus on and make efforts to achieve them

Managing the present

Blend of businesses

Our legacy businesses are mature; our more recent ventures are nascent. The mature businesses are in large mature spaces; even as our nascent businesses belong to large business spaces, the nature of our differentiated product serves as a virtual niche – making it possible to capitalise on a large market opportunity without compromising margins. We focus on nurturing fledgling business until they scale; thereafter, we seek new business spaces to grow.

Focused verticals

Our Company is a coming together of 8 different businesses. This strategic business unit (SBU) approach means that each is self-contained with all business supports; each has a separate P&L Account and Balance Sheet on which its performance is appraised and managers rewarded. We believe this SBU-based business verticals approach is scalable. Under these business verticals, we will keep adding relevant businesses to address sunrise opportunities.

Expensed business investments

The profits that you see in our Profit and Loss Account are arrived at after the extensive expensing business development costs incurred to establish the newly-launched businesses. While it would be temporarily gratifying to report high surpluses (while amortising the business development expenses over a period of time), we consider expensing of these costs in our financial statements to be indispensable to our business sustainability.

Profitable growth

We believe that the best businesses are those that enhance profitability as they scale revenues. This means that the larger the business grows, the more profitable it becomes. We have focused on profitable growth through various strategies: rational debt use, declining debt cost, superior terms of trade, product value-addition and revenue growth.

Better financial efficiency

We believe that business competitiveness is best showcased in superior working capital management. For our mature business verticals we focused on quicker receivables on the one hand and moderated inventories on the other. This helped optimise working capital productivity and liberate resources for nurturing new ventures.

Operational efficiency

We believe that in competitive manufacturing-led businesses, the edge is inevitably derived from operating efficiencies. At our company,

we invested in large capacity plants that generated attractive economies of scale, selected best-in-class technologies and ran plants at an optimal utilisation. The result is that our manufacturing facilities are among the most efficient in India.

Fiscal efficiency

We believe that one of the most potent competitiveness drivers is the ability to mobilise debt capital at competitive cost and keep the equity cost under control. At our company we have done both; we moderated debt cost by negotiating and refinancing existing debt at lower rates and availed new loans at competitive cost with elongated debt tenures. Besides, we infused net worth through a qualified institutional placement (QIP) that increased the organisation's ability to retire high cost debt.

We have focused on profitable growth through various strategies: rational debt use, moderate debt cost, superior terms of trade, product value-addition and revenue growth.

INVESTING IN THE FUTURE

THE PRODUCTS THAT WE SELECT WILL ADDRESS NICHES WITHIN LARGE MARKET SPACES – CAPITALISING ON THE INHERENT DEMAND THAT THE PRODUCTS ALREADY ENJOY WHILE BEING ADEQUATELY PROTECTED FROM COMPETITION THROUGH PRODUCT DIFFERENTIATION.

LIFESTYLE FOCUS

We believe that as disposable incomes rise, consumers will gravitate towards better lifestyles. We will continue to focus energies on the premium segment by launching products that enrich lifestyles. The products that we select will address niches within large market spaces – capitalising on the inherent demand that the products already enjoy while being adequately protected from competition through product differentiation. This will make it possible for us to outperform competition and market cycles

BUILDING PRODUCTS

We believe that when disposable incomes rise, among the first trickle-down benefits is reflected in the quality of one's interiors. In the face of this reality, it would have been limiting to market only sanitaryware and faucet products. Over the years, we widened our product offering to manufacture / outsource complementary building products. Our company is now driven by distinctive business channels (sanitaryware-faucet; pipes; consumer products).

SOLUTIONS ORIENTATION

We believe that the marketing of sophisticated building products needs to be complemented by the availability of skilled professionals who can install, maintain and service these products. Over the years, we have evolved from focused product sales to a blend of quality products cum timely service (solution). This combination has strengthened our brand. The strong word-of-mouth as a consequence of our solution focus has, in turn, sustained product offtake – a virtuous cycle.

MAKE OR OUTSOURCE

We entered the sanitaryware business with the introduction of vitreous china sanitaryware in the Indian market. Over the years, we responded to changing market needs through innovation and product evolution. To respond to the widening nature of product needs, we manufactured or outsourced. The result is that prudent outsourcing is integral to our business; we seed niche market spaces through outsourced product launches; once the niche acquires attractive critical mass we could engage in product manufacture.

WE BELIEVE THAT BRANDS WILL BECOME INCREASINGLY RELEVANT IN A FAST-EVOLVING INDIA. THERE IS A GROWING PREFERENCE FOR BUYING BRANDED PRODUCTS ON ACCOUNT OF THEIR PERFORMANCE PROMISE AND INTEGRITY.

DISTRIBUTION **DRIVEN**

We believe that as disposable incomes rise across India and as consumption extends from the relatively saturated metro markets to the second and third tiers of urban India, there will be a premium on the ability to distribute products with speed and economy. We are investing in this critical intangibles capital, building direct or distributor presence wide and deep across the country. This distribution pipeline – across our distinctive business channels – will enhance throughput, revenues and market share.

BRAND **PHALANX**

We believe that every consumer needs to feel proud of what he or she has purchased. Besides, each consumer also needs to be assured that what he or she has purchased is distinctive and possesses differentiated features. In view of this, we brand each product that we market; we invest each brand with a personality; each personality enhances owner's pride; in turn, owner's pride strengthens loyalty; in the event that the buyer needs to buy again, he or she would most likely buy another HSIL product.

BALANCE **SHEET**

We believe that the foundation of all that we have spoken about – product integrity, brand faithfulness, intangibles investing – is a robust Balance Sheet. Over the years, we right-sized our Balance Sheet with net worth infusion, reduction in debt cost and availed fresh loans with adequate moratorium and longer maturity. These initiatives will enhance cash flows for prospective investments (organic and inorganic) in sunrise business spaces, strengthening our organisational momentum and sustainability.

OUR PERFORMANCE AMBITION

At HSIL, our ambition is to create a company respected for its ability to create value for its stakeholders catalysed by innovative business strategies.

Overall goal
Strengthening of growth platforms aided by sustained investment in brands with a focus on lifestyle-enhancing products meeting customer aspirations.

Probable goal contributors
Building products: Increasing the share of the customer's wallet by providing holistic solutions aligned to every Indian household and providing an unmatched experience that cements a recall of HSIL as a bathroom expert.

Consumer products: Be among the leading players in this segment by introducing global products customised to Indian aspirations.

Packaging products: Emphasise on market expansion through the creation of a distinctive product portfolio with an increased proportion of value-added products that cater to customers across different industries.

Retail division: To be the first choice partner of customers aspiring for creating stylized contemporary home interiors.

Intended investments
Infrastructure: Maximising the utilisation of our recent capacity addition in sanitaryware; exploring feasibility of setting up an assembly line for water heaters jointly with Groupe Atlantic.

Integration: Commissioning our pipes and security caps and closures units in FY2017-18; this will enhance our solutions offering to our customers in building products and packaging products.

Innovation: Continue our investments in launching path-breaking products in all the business spaces of our presence – catalysing customer aspiration and raising the industry benchmark.

We will continue our investments in launching path-breaking products in all the business spaces of our presence

SECTION B

HOW WE DO BUSINESS AT HSIL

FY2016-17 OVERVIEW

2,198.03	Gross Sales (₹ in crore)
293.85	EBITDA (₹ in crore)
149.66	PBT (₹ in crore)
103.01	PAT (₹ in crore)
115.50	Debt repaid (₹ in crore)

THE ROBUST HSIL BUSINESS MODEL

How we do business

We are engaged in evolving and strengthening our operating platforms. We believe that this responsiveness to a fast-changing market environment leads to profitable growth across geographies, products and market cycles.

ADDRESSING THE NATION

Interiors-pride

As disposable incomes increase, one of the first capital allocation response is in home ownership. As home prices have increased, the cost of interiors has become relatively affordable. Besides, interiors can also be financed with home loans, encouraging home owners to enhance their lifestyle quality. The one area within a home to have gone through the biggest transformation has been the bathroom, enhancing investments and pride.

Preference upgrades

In urban India, we are seeing four distinctive trends – of home and office owners investing more in their interiors; design cycles progressively shortening, inspiring increasingly frequent changes; greater preference for product upgrades towards better-styled or sophisticated products; the last trend that continues to grow the relatively saturated urban markets is migration. India is one of the fastest urbanizing country: it is estimated that about 40% of India's population will live in urban areas by 2025. (Source: BCG)

Rural demand

India accounts for one of the largest under-penetrated rural population cluster in the world. This population has been estimated at 906 million as per 2011 Census. Rural India is at the cusp of a consumption boom for good reasons: better agricultural income, subsidy trickle-down and non-agriculture incomes. Rural consumers are evolving towards a broader notion of value provided by products and services which involves aspects of price combined with utility, aesthetics and features, and not just low prices.

Owing to a favourably changing consumption trend as well as the potential size of the market, rural India provides a large and attractive investment opportunity for private companies.

Brand preference

As Indians have earned more, they have tended to buy quality products over the need to buy cheapest. The result has been a growing preference for branded products. There is a growing traction in modern India for branded products over relatively anonymous and under-marketed products from unorganised manufacturers. As consumer awareness has increased, they have tended to gravitate towards products accompanied by quality assurance, warranty and service.

Preparing for GST

India prepares for its biggest tax reform since Independence through the proposed implementation of the GST in FY2017-18. We believe that the GST introduction will rationalise tax rates for the country's organised sector even as it enhances business cost for the country's unorganised sector. This narrowing differential will make organised brands more competitive, resulting in quicker market share accretion for strong brands.

GST implementation will also result in India emerging as one seamless market from an inter-state tax perspective. We believe that this reform will replace small state-based warehouses with large regional equivalents. For large brands nimble enough to commission large regional warehouses, there could be logistical efficiencies that further enhance competitiveness. In view of this, we believe that the next big sectoral play could leverage deep distribution competencies.

Compliance focus

Doing business in India is being increasingly marked by multi-level compliance across business aspects with the objective to protect the interest of all stakeholders. Even as compliance is becoming increasingly necessary on the one hand, the cost arising out of non-compliance is prohibitive on the other. The result is that there is a premium on businesses to remain compliant, which in turn translates into business predictability and sustainability.

THE HEALTH OF HSIL LIES IN THE HEALTH OF ITS BRANDS

At HSIL, our health lies in our brands. These brands account for our entire income, validating the reality that we are a completely brand-driven company. The health of our brands indicate financial profitability and organisational sustainability.

BRANDING DISCIPLINE

Strategic branding

We are convinced that as markets mature and consumers become increasingly demanding, preferences will increasingly gravitate towards the purchase of branded products. In view of this, the Company continued to launch brand-backed products and focused on the creation of independent brands for distinctive appeal.

Defined personalities

We are convinced that brands are more than a logo and name; they possess distinctive personalities with specific attributes that enhance recall and loyalty. In view of this, we created brands addressing distinctive market spaces, infused our products with a defined personality and specific deliverables. This definition has translated into product appeal, brand loyalty and offtake.

Positioning

In a world marked by increased branding, the challenge lies in escaping the market clutter. Over the years, our Company has consistently promoted products around 'aspirational' and 'differentiation', themes that enhance buyer pride and evoke unaided consumer recall.

Sustained investments

In a world where competition from national and international brands is growing, effective counter-strategy is derived from sustained brand investments. The Company continued to invest in brand building activities leveraging multiple platforms progressively (print, electronic, social, mobile and e-commerce) – an effort that has cemented a lasting impression for the Company's brands in the minds of discerning customers.

Celebrity endorsements

In a world where a number of similar products compete for the buyer's attention on retail shelves, it helps to position the brand differently. The Company engaged the services of iconic Indian actor Shah Rukh Khan for brand Hindware, actress Jacqueline Fernandez for brand Queo and Kareena Kapoor Khan for brand Benelave. Their association improved brand visibility, customer connect.

Product plus service

In an increasingly demanding world, it is not enough to manufacture world-class products; they need to be backed by installation competence and service. The Company created a community of service professionals to enhance product uptime along with a service-focused team to enhance user delight.

For sanitaryware and faucets business, we have an in-house after sales service team of 300+ certified service engineers servicing 600+ districts from 20 after sales service centres located across India.

Ongoing rejuvenation

In a world where consumer preferences fatigue faster than ever, there is a growing need to rejuvenate business categories and brands within. The Company rejuvenated brands successfully through new launches, (19 new ranges launched in sanitaryware and 7 in faucets) range extension and relevant visibility-enhancing activities (integrated 360 degree brand campaign "Looks good,

works great" starring Kareena Kapoor Khan launched by brand Benelave).

Accessibility

In a world driven increasingly by convenience, the conventional paradigm has changed: customers will buy from closest locations. The company increased the number of trade partners from 1,400+ in FY2009-10 to 3,540+ (including 340+ for Consumer Product Business) in FY2016-17, widening its retail pan-India footprint to 26,500+ (including 5,500+ for Consumer Products Business) and getting closer to customers. The Company has also adopted the e-commerce route - marketing some of its key products on leading e-commerce portals namely Amazon, Flipkart and Snapdeal - widening product reach and enhancing customer convenience.

Brand journey

The days of 'one shoe fits all' are over. Modern-day consumers need choice. The Company introduced a credible brand journey, making it possible to graduate purchases to the next price point without spending considerably higher and without needing to switch brands. In doing so, the Company has created brands that satiate the need of every Indian – across the societal pyramid.

Convenience

The days when consumers would buy one bathroom product from one store and another from a different store are over. The company evolved its erstwhile sanitaryware personality into building products, making it possible to provide more products from a single point. We strengthened our retail presence - 4 exclusive hindware Lacasa display centres in Mumbai, Bengaluru, Ahmedabad and Cochin; 200+ pan-India hindware Gallerias and 600+ hindware shop-in-shops.

We strengthened our retail presence - 4 exclusive hindware Lacasa display centres in Mumbai, Bengaluru, Ahmedabad and Cochin; 200+ pan-India hindware Gallerias and 600+ hindware shop-in-shops.

HSIL'S BRAND PERSONALITIES

Queo: Brand provides a range of elegant designer bathware aimed at the luxury bathroom segment. The designs have been created by top international designers. The DNA of the brand is its design and technology innovation. The brand invests in design innovation to offer superior designer bathroom products to customers.

Amore: Technologically superior wellness products created to give spa experience.

Hindware Italian Collection: Brand represents ultimate luxury and sophistication with timeless designs. Our Italian collection features smooth contours, clean lines and graceful curves to create bathrooms you keep admiring.

Hindware Art: Superior blend of contemporary designs, symbolise the Hindware Art collection. The innovative technology used in this collection brings out the beauty of these masterpieces, hence the name 'Art'.

Hindware: Enduring sanitaryware and faucet brand. Addressing the quality-conscious middle income segment. Respected for evolving bathrooms into showpieces. Marked by the integration of performance, space-economy and futuristic designs.

Benelave: Brand provides a range of entry-level sanitaryware and faucet products that strike a perfect balance between form and functionality and aim to address affordable housing segment.

Raasi: Brand focused on entry-level bathroom products addressing the needs of price-sensitive consumers.

Evok: Brand provides home interior solutions through its large retail store chain across India. Evok stores showcase over 20,000+ world-class contemporary products.

Moonbow: Brand recognised for its innovative range of air purifiers and water purifiers marked by superior technology and aesthetic designs.

Hindware Kitchen Ensemble: Brand of hindware family which entails wide range of kitchen appliances products inspired by Italian designs and reminiscent of European craftsmanship fulfilling aspirations of modern households.

Hindware Atlantic: Brand known for introducing one of the finest range of water heaters in India in strategic partnership with Groupe Atlantic, a French MNC. With superior safety features, distinctive looks & faster heating, Hindware Atlantic fits perfectly on consumer's bathroom walls & wallets.

AGI: Brand by which the company's container glass products are recognised. Brand recognised for the ability to provide customers a range of quality products customised around specific needs - with speed.

GP: Brand by which the company entered into PET bottles business. The cornerstone of the brand's success is its use of best in class technologies to provide customised products to its clients with focus on quality and time bound service.

OUR BRAND FAMILY

Emotional	Pride-enhancing	+ Aspirational	+ World-class	+ Youthful
Delivery	Differentiated	+ Addresses every pocket	+ Wide choice	+ Experiential purchase
Assurance	Accessible	+ Available	+ Service-backed	+ Superior quality
Financial	Superior margins	+ Stronger terms of trade	+ Better cash flows	+ Profitable growth

KEY BUILDING PRODUCTS BRANDS

KEY CONSUMER PRODUCTS BRANDS

KEY PACKAGING PRODUCTS BRANDS

RETAIL DIVISION BRAND

BUILDING PRODUCTS

This business segment comprises three categories – sanitaryware, faucets and pipes. Our sanitaryware business is five-and-a-half-decades old where the Company has sustained its leadership through a combination of unique designs, flawless quality and extensive distribution chain. The Company's faucets business offers customers a product portfolio that combines stylish designs with superior quality; the pipes business will start generating revenues during FY2017-18.

HSIL: GROWING ITS SHARE IN THE BATHROOM BASKET

BUSINESS
SANITARYWARE AND FAUCETS

The sanitaryware and facuets segment has been the mainstay of the Company's business, contributing majority of the revenue earned by the Building products division.

HSIL has maintained its leadership position in the Indian sanitaryware space.

The sanitaryware leadership has been sustained through a combination of innovative concepts and designs, world-class quality and timely service. 'Hindware', the flagship brand for the division, has enjoyed superior unaided recall across generations; during the year, the Company received the 'Indian Power Brand 2016 award' by Planman Media, recognising the enduring appeal and power of brand "Hindware".

In the faucets space, HSIL made up for being a late entrant by launching one of the widest product ranges marked by superior designs and flawless quality. The result is that the Company emerged as the third largest in the Indian faucets space and continues to gain ground on the market leaders.

The Company has an annual sanitaryware manufacturing capacity of 3.8 million pieces per annum across two facilities with planned expansion to 4.2 million pieces per annum in FY2017-18; the Company possesses two faucet manufacturing units -- 2.5 million pieces per annum at its Kaharani facility and 0.50 million pieces per annum at Bhiwadi (temporarily shut down). The Company offers the widest product range that make it possible to create bathrooms across a varying price and sophistication range.

The Company possesses the largest sanitaryware distribution network comprising more than 3,200+ dealers pan India. This network comprises multiple retail formats Queo Emporio Showrooms (15+), Gallerias (200+) and 4 Lacasa display centres addressing the growing needs of customers across the consumption pyramid. A strong retail network with 21,000+ retail touch points aids timely product deliveries and an efficient after sales service helps maintain brand leadership. We have 20 after-sales service centres located across India, servicing 600+ districts with a sales service team of 300+ certified service engineers.

The Company engaged the services of 'King of Bollywood' Shah Rukh Khan as Hindware brand ambassador; and launched a new 'Bathrooms you keep admiring' advertising campaign. The Company engaged with consumers across multiple touch-points, including the digital media, to enhance visibility.

The Company engaged Kareena Kapoor-Khan as brand ambassador of Benelave, its entry level brand. The actor featured in the brand's new 360 degree integrated campaign, aimed at enhancing visibility and building a strong customer connect (across Tier II and III towns).

MANUFACTURING INFRASTRUCTURE

(million pieces per annum)

Products	Facility	Capacity
Sanitaryware	Bahadurgarh (Haryana)	1.8
	Bibinagar (Telangana)	2.0
Faucets	Kaharani (Rajasthan)	2.5
	Bhiwadi (Rajasthan) (temporarily shutdown)	0.5

Planned sanitaryware capacity expansion to 4.2 million pieces per annum in FY2017-18

PRODUCT BASKET

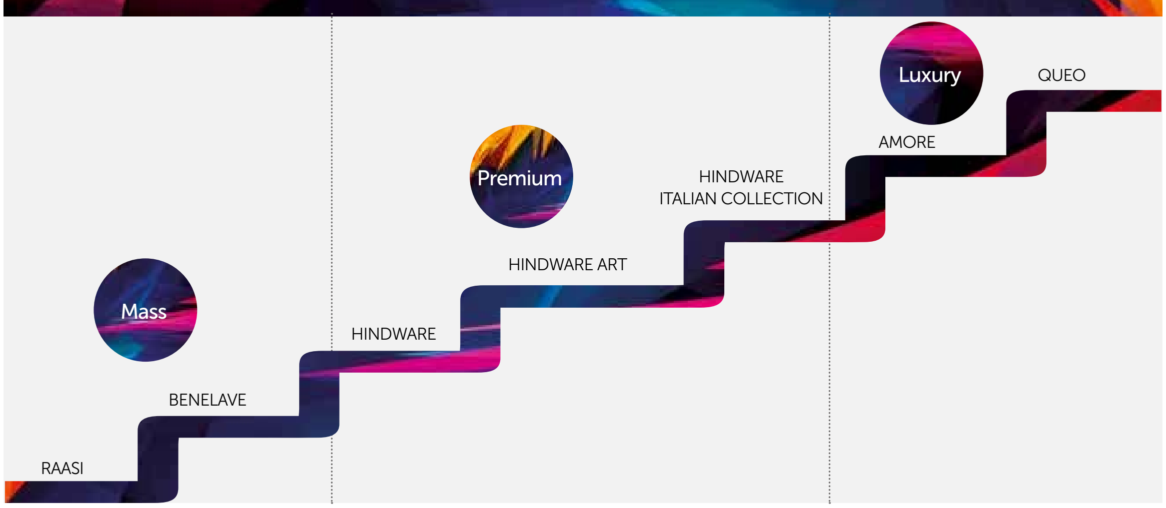
Key products of Building Products division

Sanitaryware	Faucets	Wellness	Allied Products
Water Closets	Showers	Bath tubs	Concealed cisterns
Wash Basins	Bathroom faucets	Shower panels	Seat covers
Pedestals	Kitchen faucets	Shower enclosures	PVC cisterns
Squatting pans		Whirlpools	
Urinals		Steam generators	
Cisterns			
Bidets			

KEY INSTITUTIONAL CLIENTS

adani, DLF BUILDING INDIA, EMAAR MGF, GMR, Godrej PROPERTIES, Infosys, KALPA-TARU, LARSEN & TOUBRO, Le MERIDIEN, Marriott, OMAXE Turning dreams into reality, Prestige Group, PURAVANKARA, RMZ Corp, State Bank of India, Shapoorji Pallonji, SOBHA, Sunteck, TAJ Hotels Resorts and Palaces, TATA HOUSING

BRANDS AND CUSTOMER SEGMENT




HSIL is the
first Indian bathroom
products company
to offer a 12-year
product warranty,
strengthening
customer confidence.

Competitive advantage

Experience: The Company has been engaged in this business segment for more than five-and-a-half decades, enhancing its understanding of customer aspirations and trends.

Capacity: The Company possesses one of the largest sanitaryware capacity in the Indian building products industry, enhancing economies of scale.

Range: The Company offers one of the widest product range in the country's building products space, servicing the product needs of customers across price points.

Reach: The Company has a vast pan-India distribution network, facilitating a deeper penetration into consumer markets and quicker reach.

Innovation: The Company consistently introduced path-breaking products that raised the industry benchmark; our IAMPO certified water closets operate at a 2ltr/4ltr benchmark as opposed to the industry standard of 3 ltr/6ltr, helping conserve water.

Niche: As of March 31, 2017, 29 of our water closets and 20 faucets have received IAMPO certified "star rating", WEP-I for their water saving features, the highest for any sanitaryware and faucet player in India.

Retail: Around 75% of the division's business was retail-driven, which enhanced margins, contained receivables and provided better insight into customer preferences.

Remarkable reach

More than 85% of all sanitaryware retailers in India market, directly or indirectly, HSIL's sanitaryware brands.

Enhancing customer value

At HSIL, every initiative is designed to enhance value: across the channel from the factory-gate to inside the bathroom.

Enhancing aspirations: The Company continued to rejuvenate its product portfolio by introducing novel designs. In FY2016-17, the Company launched 26 ranges (19 in sanitaryware and 7 in faucets), which were well-received.

Always nearby: The Company enhanced customer proximity. During FY2016-17, the Company operated through a network of 3,200+ dealers, strengthening its penetration in Tier II and III towns.

Enhanced convenience: The Company's pioneering Dream Bath Mobile App enabled customers to envision their bathroom while in the convenience of their homes. The mobile application comprised the following features:

- 24 bathroom themes (Arabian, Beach, Summer, etc.) influenced by global trends and experiences
- Wide product selection
- Detailed information on product features, relevant dealers, product prices, installation and maintenance guidelines.

Unmatched experience: The Company strengthened its solutions provider recall by providing a unique experience at dealer showrooms. The Company leveraged technology to create a virtual bathroom at the dealer's showroom in line with customer needs and aspirations. The Company's bathroom consultants at Galleria showrooms assist customers in making the right product choice.

Value for the dealer

Launched the Darpan Application; empowers dealers to access all HSIL transaction details, enhance insight into product launches, schemes and incentives; transparency graduates dealers into business partners.

Value for the institutional client

Launched Pragati CRM solution for institutional clients (builders, architects, construction companies and realty developers) to get an understanding of their project status and procurement schedules; also inform them of product catalogues, product launches and relevant purchase-influencing information.

CPVC AND UPVC PIPES BUSINESS

HSIL selected to enter the CPVC and UPVC pipes and fittings business with the objective to emerge as a complete bathroom solutions provider.

The Company's manufacturing facility for CPVC and UPVC pipes and fittings is being set-up in Village Isnapur, District Medak,Telangana and is expected to generate revenues in FY2017-18. The Company is seeking a BIS approval for its products, the only such instance in the country's pipes business.

The Company entered into an arrangement with Sekisui Chemical Company Limited, Japan, for the supply of CPVC resin, (a key raw material) which will secure our supply chain.

The Company plans to expand its pipes business by leveraging its brand, sales and distribution network to cater to the expanding market for this product due to growing demand from the real estate, construction sector and replacement market (PVC/CPVC pipes replacing conventional GI pipes).

Competitive advantages

Equipment: Our best-in-class manufacturing facilities promise to yield higher throughput over prevailing industry benchmarks.

Environment friendly: Our plant will comply completely with the demanding green building norms laid down by IGBC, strengthening compliance.

Reach: The business will leverage the existing distribution network to enhance network breadth and depth pan-India.

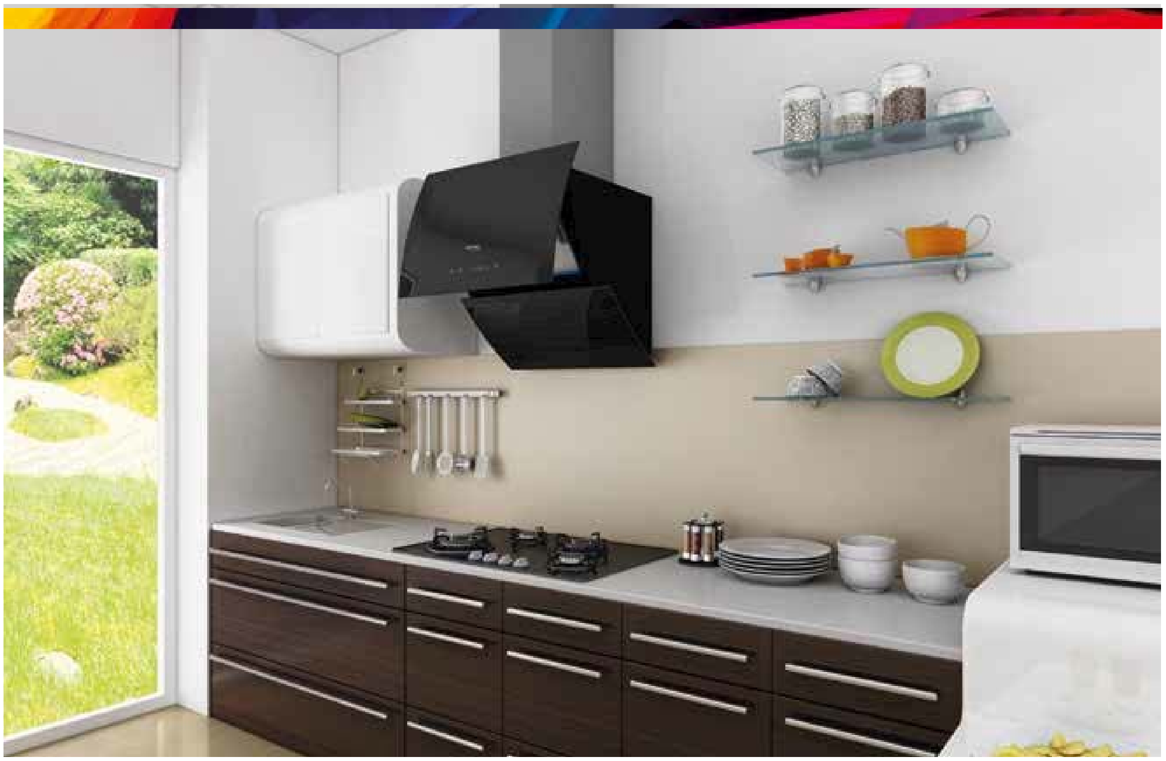
Fittings: The Company plans to introduce fittings with pipes, the first such instance in the Indian pipes space from day one.

Value-creation matrix

MANUFACTURING INFRASTRUCTURE

Products	Facility	Capacity
CPVC/UPVC Pipes and Fittings	Medak (Telangana)	Plant under construction

CONSUMER PRODUCTS



HSIL entered the consumer products space, leveraging its brand equity and vast distribution network.

The Company's product basket initially comprised kitchen chimneys, vents, hobs (earlier part of the building products segment), enriched thereafter with best-in-class home comfort products. In July 2015, the Company introduced a range of technologically superior and aesthetically appealing water heaters in association with French multinational Groupe Atlantic, a 1.3 billion Euro company, world leader and pioneer in HVAC (heating, ventilation and air conditioning systems) segments, under the brand "hindware atlantic". The Company launched air purifiers and water purifiers under the brand "moonbow". Recently, the Company also launched air coolers (brand name 'hindware snowcrest').

The Company responded to the growing consumer opportunity through a dual-marketing approach – the conventional organised retail channel (340+ distributors and 5,500+ retailers and visible presence in 350+ large format stores like Reliance Digital, Croma, Spencer, Walmart and Metro Cash and Carry) was complemented by a contemporary online format (presence on the Amazon India, Snapdeal and Flipkart portals). This outreach strategy was backed by digital and print media campaigns.

The division launched path-breaking products which enhanced brand recall and convenience. For instance:

- Our air coolers come with changeable front panels to match the ambience of the room
- Our kitchen chimney comes with an auto-clean facility (pioneering consumer feature)
- Our water heaters come with unique Titanium coated tank which is baked at 800 degrees Celsius to prevent corrosion of the tank due to poor quality of water. Our storage water heaters also come with a patented "O pro" technology which enhances the life of a water heater.

Innovative products combined with intelligent distribution strategy and imaginative media campaigns (print and electronic) yielded impressive results; with the Company achieving more than 100% Y-o-Y growth in revenues.

PRODUCT BASKET

Key products of consumer products division
Kitchen Appliances (Vents, Chimneys, Waste Crusher System, Hobs, Cooktops)
Water Heaters/Geysers
Air Purifiers
Kitchen Sinks
Water Purifiers
Air Coolers

Competitive advantage

Recall: The products are marketed under the Hindware brand, enjoying brand equity.

World-class products: The company's products are sourced from leading global players. In the year 2016 two of our products namely "Hindware Atlantic 25 litre storage water heater" and "Moonbow Air purifier 8608" were conferred with the prestigious "product of the year " award in both the categories based on one of the world's largest consumer based surveys conducted by AC Nielsen.

Pioneering features: The Company launched products around superior technology features, hence capturing the imagination of our customers.

Reach: The Company's large and dedicated distribution network comprised 340+ distributors and 5,500+ retailers pan-India.

Multi-channel presence: The Company markets products through online platforms and organised retail, facilitating a deeper reach into consuming pan-India pockets. Our marketing initiatives during the year led to our products, namely Kitchen Chimneys [3 models], Water Heaters [2 models] and Air Purifiers [1 model] becoming best-sellers on leading e-commerce portals (Snapdeal, Amazon, Flipkart).

Visibility: The company has invested heavily in promotion of each of the product categories and print and TV campaigns like "Elements of water" on Hindware Atlantic water heaters, "Ab India piyega accha" on Moonbow water purifiers, Hindware snowcrest air coolers with changeable front color panels have caught the imagination of millions of Indians and enhanced the brand and product visibility.

Enhancing customer value

The Company provides innovative products, ensures proximate availability and superior service, enhancing customer value.

Product innovations: The Company enhanced its pioneering reputation in a cluttered business space (kitchen chimneys, water heaters, air coolers and water purifiers).

Choice: The Company created a range of options in each product vertical, widening choice. During the year, the Company introduced new variants in kitchen appliances [42], water heaters [29], air purifiers [6] and water purifiers [5] in line with customer preferences.

Penetration: The Company plans to increase its retail presence to 10,000+ retails touch points in the next 2-3 years.

Service: The company has created an all India service network of 200+ authorised service centers for consumers products business covering 595+ towns and cities in India to provide customers with timely and efficient after-sales service through highly trained service staff.

Value creation matrix

PACKAGING PRODUCTS

HSIL is one of the leading container glass manufacturer in India with a significant market share.

The Company's packaging products business comprises glass containers and PET bottles used to package beverages, food, liquor, beer and pharmaceutical products.

HSIL's state-of-the-art technology and new product development initiatives enables us to manufacture containers of various sizes, colours and shapes. The Company's portfolio comprises 600+ glass container variants. HSIL is the only Indian company to possess the technology to manufacture customised speciality coloured bottles , strengthening its position as the alternative to imported bottles.

HSIL's glass containers and PET bottles are available under brands AGI and Garden Polymers (GP) respectively. Under the flagship AGI brand, the Company manufactures light weight glass bottles using Narrow Neck Press and Blow technology on several lines .

HSIL opened new vistas of growth through our foray into the security caps and closures business to supplement our existing product portfolio and block counterfeit goods in the liquor market.

MANUFACTURING INFRASTRUCTURE

Products	Facility	Capacity
Glass containers (tonnes per day)	Sanathnagar, Hyderabad, (Telangana)	650*
	Bhongir (Telangana)	950
PET Bottles (tonnes per annum)	Selaqui (Uttarakhand)	2,350
	Dharwad (Karnataka)	7,300
Security caps & closures	Medak (Telangana)	(commercial production yet to start)

*Out of total capacity, 300 tonnes/day is shutdown at present.

Competitive advantage

Experience: The Company possesses a multi-decade presence in the packaging segment, making it possible to understand emerging trends faster and implement relevant initiatives.

Sectoral presence: The Company enjoys a multi-sector servicing capability (liquor, beer, food and beverages, pharmaceuticals and chemicals).

Proximity: The Company's packaging plants are proximate to customers' filling locations, minimising logistics and freight costs.

Range: The Company possesses a wide range of products (100+ PET bottles and 600+ glass containers) addressing diverse applications.

Customisation: The Company's state-of-the-art technology and product development focus makes it possible to manufacture diverse containers (sizes, colours and shapes).

Niche: The Company is the only player in India's packaging space to manufacture special coloured bottles for niche partners.

Marquee clients: The Company enjoys the confidence of leading players (including MNCs operating in India) in key user sectors.

Integration: The recent strategic initiative to establish a strong presence in the security caps and closures space positions it as a one-stop solutions provider.

PET bottles

- Developed 12 product variants through new applications
- Added 80 customers
- Working on developing new polymers and processes for augmenting product development capabilities and optimising production costs
- Engaged with select customers for timely product development through early engagement strategy

New product vertical

- Security caps and closures manufacturing plant is coming up in Medak, Telangana.

In the business of delivering value

The Company's foray into the security caps and closures business is aligned with market need to counter spurious products and provide fool-proof anti-counterfeiting solutions.

Enhancing stakeholder value

Good for customers

Reduced the bottle weight by about 20-25% without compromising on performance

Reduced logistics costs for the customers while improving aesthetic appeal

Good for environment

Reduced CO_2 emissions

Good for HSIL

Strengthens business profitability

Created product differentiation with improved margins

KEY CLIENTS

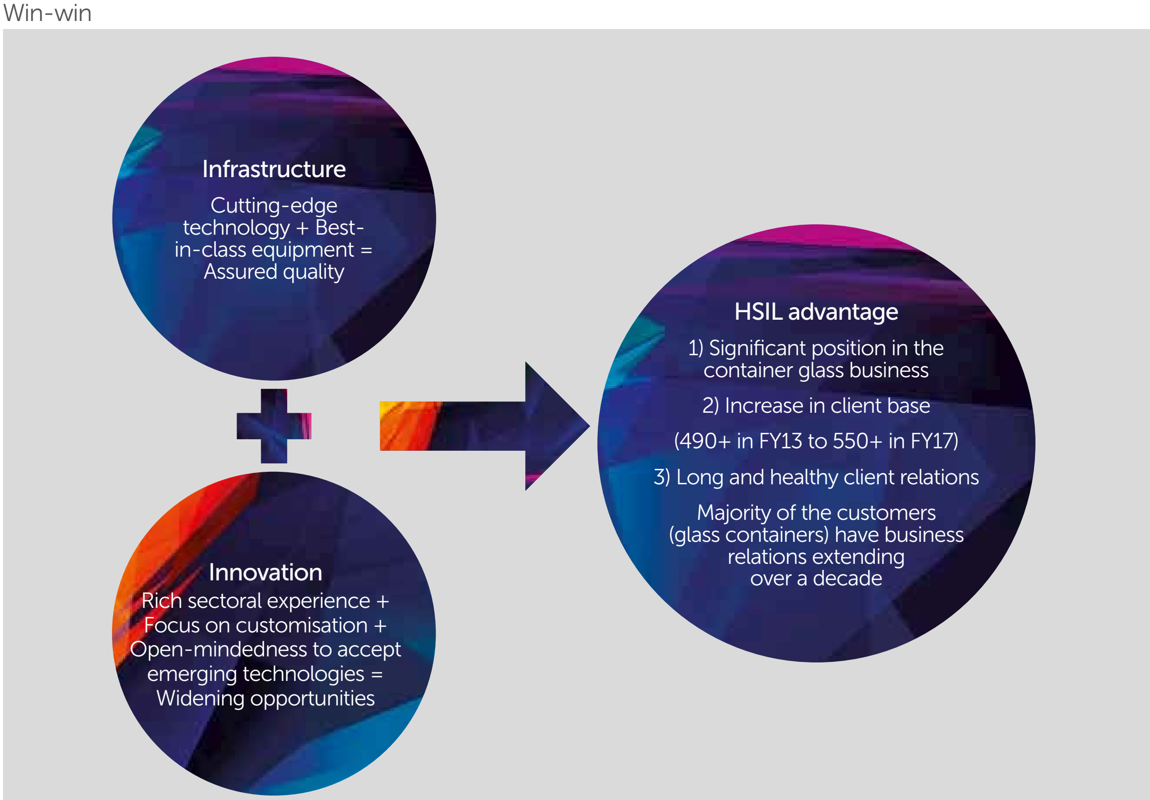
Abbott
Allied Blenders & Distillers
AB InBev
Aegis
BACARDI
Carlsberg
CavinKare
Coca-Cola Hindustan Coca-Cola Beverages Pvt. Ltd.
Dabur
DIAGEO
Dr.Reddy's
Glenmark
GSK GlaxoSmithKline Consumer Healthcare
GSK GlaxoSmithKline
Himalaya
Hindustan Unilever Limited
MERCK
Nestlé
Parle Agro
PEPSICO
Pernod Ricard
Pfizer
Reckitt Benckiser
SAB Miller
SULA Vineyards
SUN PHARMA
ThermoFisher Scientific
United Breweries Limited
UB
United Spirits

* In alphabetical order

Enhancing customer value

In the packaging products business, where products essentially need to be customised to client requirement, HSIL remains a significant player in the container glass and PET bottle segment, enhancing customer value.

Win-win



RETAIL DIVISION

The Company's retail division operates a chain of 14 large retail format stores under the brand name "EVOK – Homes With Soul".

Evok Stores showcase over 20000+ world class contemporary products in Home Furniture, Soft Furnishings, Home Decor & Accessories, Wall Fashion, Modular Kitchens & Modular Wardrobes. Evok also has an online store at www.evok.in

The brand's vision is "to be the first choice partner of customers aspiring for Value for Style home interior solutions".

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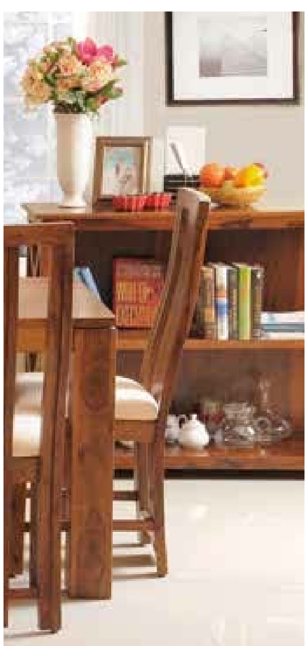


Corporate Social Responsibility

COMBINING BUSINESS FOCUS WITH SOCIAL RESPONSIBILITY

Overview

As per a 2015 study by Kenexa High Performance Institute, London, organisations with a commitment to corporate social responsibility (CSR) substantially outperform those that do not. The study also indicated that CSR-oriented companies reported a higher level of employee engagement coupled with a better customer service standard.

Long before the law mandated corporates to incur CSR expenditure, HSIL adopted CSR as one of its guiding principles and spent on community-centric initiatives since inception. Through the implementation of diverse CSR initiatives, HSIL has been addressing its social responsibilities across some of the most under-addressed spaces within India - Sanitation & Safe Drinking Water Facility, Skill Development, Healthcare, Women Empowerment , Education and beyond.

Philosophy

Over a period of time, our social initiatives have evolved from being focused on "giving to society" to "creating an enabling environment" and aiming towards empowering them to be self-sufficient communities.

In order to achieve our CSR goals, we have systematically invested in social responsibility through a structured process for maximised and lasting impact as set forth below:

- The Company promotes measures for reducing long-standing inequalities in line with government priorities to enhance national, regional or local impact.
- The Company invests in capacity-building with the objective that the recipients can progressively become self-sufficient.
- The Company has invested in CSR initiatives with the seriousness that it brings to its core business, reinforced by competent staffing and delegation.
- The Company addresses the vast inequity in the spaces of its engagement through the adequate provision of financial, managerial and people resources.

Our CSR activities are aligned with the Company's business objectives and strategy with following areas of priority.

Sanitation and Safe Drinking Water Facilty

At HSIL, sanitation represents the core of our existence. As part of the larger nation-wide movement for a clean India, the Company decided to deploy its rich experience in extending the benefits of sanitation and hygiene to a large under-addressed community. HSIL provides access to safe and clean drinking water as well as hygiene cum sanitation provisions for various rural communities. The provision of private toilets is addressing sensitive gender needs as well as risks of infection and disease. The provision of safe drinking water and residential toilets is proving to be a cultural game-changer in the villages of investment. We have initiated many projects including HSIL AAP KE LIYE (construction of 100 household toilets in 2 phases at Village Sadodh, Kaharani, Rajasthan), Swachhta Sudhar (construction of 50 toilets at Bhati Mines area, Delhi), sanitation & safe drinking water facilities at various schools in Bhongir & Hyderabad (Telangana), Dwarka (Delhi) and Kaharani (Rajasthan). At village Kapraipally, Telangana, we installed a water filter with Reverse Osmosis technology with a capacity of 1,000 LPH at the community water centre to provide safe and clean drinking water, and constructed an additional CWC at village Rampura, Kaharani, Rajasthan and village Gudhana, Pataudi, Haryana. Our aim through these projects is to build infrastructure, inculcate a mindset of using toilets and provide safe and clean drinking water, specially in rural areas.

Skill development

At HSIL, we realise that skills and knowledge are the driving force of economic growth and social development for any country. In line with government initiatives, HSIL focuses on the creation of community-centric sustainable livelihood options through its Project Kaushal Vridhi at Bahadurgarh, Haryana and Kaharani, Rajasthan, which impart vocational training to enhance employment opportunities.

Healthcare

At HSIL, we believe in providing the less-privileged communities access to preventive and protective healthcare facilities. We commissioned Swastha Sampada at Bahadurgarh (Haryana), Kaharani (Rajasthan), Bibinagar and Bhongir (Telangana), with the objective to provide primary health services proximate to residential clusters, making it possible to return patients to productive health in the shortest time and at the lowest cost.

Women empowerment

The Company has recognised the larger thrust of women empowerment and in particular the need to enhance employability and financial independence among women. The company commissioned Project Samarth, a cutting and tailoring training programme in Bahadurgarh for the benefit of first-time learners, empowering through skill, confidence and entrepreneurial training.

Education

Aligned with the Digital India campaign, the Company strengthened the technology infrastructure in schools near and around Kaharani (Rajasthan) by donating computers, UPS & printers, established Kushal Vikas (Basic computer learning center) & Basic Literacy Centre (Prathamik Saksharata Kendra) at Bahadurgarh (Haryana) and constructed class room in schools at village Thukkapur, Telangana.

Our focus is to improve the effectiveness of initiatives. Going forward, we will leverage technology and innovation for our CSR activities to achieve a greater impact in terms of reach and scale. At HSIL, our approach towards CSR is holistic and integrated with our core business strategy. Our aim is to make a positive impact on society while maximising the creation of value for our stakeholders.

Dr. Rajendra Kumar Somany

Chairman and Managing Director
Since: 09.01.1988
(Associated with the Company since 01.10.1965)

- Commerce graduate from St. Xavier's College, Calcutta University
- Provides strategic direction and vision to the Company
- Extensive 62-year work experience
- Active member of Rotary for past 55 years
- Bestowed upon with degree of 'Doctor of Philosophy in Management' by KEISIE International University (KIU), South Korea
- Presented with 'Lifetime Achievement Honour' by Washroom & Beyond, reputed trade magazine
- Presented with 'Lifetime Achievement Award' and 'Vishwakarma Award' by Indian Plumbing Association (IPA)
- Conferred with 'Lifetime Achievement Award' by ACETECH
- Conferred with 'Lifetime Achievement Honour' by World Consulting and Research Corporation (WCRC)
- Conferred with 'Lifetime Achievement Award' at India's Most Admired Brand's event hosted by White Page International
- Presented with 'Trailbrazer of Sanitaryware Award' at World Business Conclave, Hongkong
- 'World Leader Businessperson' recognition by the World Confederation of Business
- Assisted the Bureau of Indian Standards to develop quality standards for the Sanitaryware Industry and instrumental in aligning the Indian Standards with European counterparts
- Executive Board member and Senior Fellow member of Indian Green Building Council (IGBC)
- Chairman of Indian Plumbing Skills Council (IPSC)
- Former Chairman of Council of Indian Employers
- Former President of The Associated Chambers of Commerce and Industry of India (ASSOCHAM) and PHD Chamber of Commerce and Industry (PHDCCI) and Employers' Federation of India
- Founder President of Bahadurgarh Chamber of Commerce and Industry
- Fellow member of Chartered Management Institute, Institute of Directors, Institute of Materials, Minerals and Mining, UK (IOM^3) and Life Fellow of the All India Management Association
- Emeritus member of American Ceramic Society
- Member of Corporate Affairs Committee, CSR Committee and Internal Sub-Committee of the Company

*Mr. Sandip Somany was appointed as Joint Managing Director w.e.f. 12.09.1995 to 30.11.2016 and was re-designated as Vice Chairman and Managing Direction w.e.f. 01.12.2016.

Sandip Somany

Vice Chairman and Managing Director
*Since: 12.09.1995**
(Associated with the Company since 01.10.1985)

- Commerce graduate and a diploma holder in Ceramic Manufacturing Technology from the US
- A 32 year work experience in the ceramics and glass industry
- Former President of PHD Chamber of Commerce and Industry (PHDCCI)
- Past-President of International Chamber of Commerce (Head Quarter in Paris) India Chapter
- Member of the Executive Committee of FICCI
- Member of Managing Committee of ASSOCHAM
- Chairman of the Indian Council of Sanitaryware Manufactures (INCOSAMA)
- Member of the Governing Council of All India Glass Manufacturer's Association
- Member of Corporate Affairs Committee, CSR Committee and Internal Sub-Committee of the Company

Sumita Somany

Since: 29.05.2014

- A Commerce graduate
- Whole-time director of Hindware Home Retail Private Limited (HHRPL)

G. L. Sultania

Since: 09.01.2006

- B .Com, F.C.A., F.C.S. and consultant by profession
- Possesses vast knowledge and experience of Financial Restructuring, Corporate Laws and Legal Compliance
- General Member of Association of Corporate Advisers & Executives
- Member of Stakeholders' Relationship (Shareholders'/ Investors' Grievance) Committee and Corporate Affairs Committee of the Company

Ashok Jaipuria

Since: 15.05.2004

- Qualified in Business Administration and Marketing Sciences
- Chairman and Managing Director of Cosmo Films Limited, an Indian MNC, which is into manufacture and export of Biaxially Oriented Polypropylene (BOPP) Films
- Chairman of Cosmo Ferrites Limited
- Former Member of the Board of Governors of the Indian Institute of Technology, Indore
- Former Executive Committee Member of Federation of Indian Chambers of Commerce and Industry (FICCI), New Delhi
- Member of Audit Committee and Nomination and Remuneration Committee of the Company

V. K. Bhandari

Since: 17.01.2004

- An FCA with over 35 years of experience in the Banking Industry
- Former General Manager of the Central Bank of India and had been the Head of Credit, Credit Monitoring, Treasury, Investment, Funds Management, Merchant Banking and International Banking Divisions
- Chairman of the Company's Audit Committee
- Member of Shareholders' Relationship (Shareholders'/ Investors' Grievance) Committee and Nomination and Remuneration Committee of the Company

Salil Bhandari

Since: 29.05.2012

- An FCA, B. Com. (Hons.) from Shri Ram College of Commerce, Delhi University and Diploma in Business Administration from the All India Council for Management Studies, Chennai
- Founder and Managing Partner of BGJC & Associates LLP a well-respected audit and management consulting firm based in New Delhi
- Counselling top management in strategy implementation, scaling up of business, organisational development and management & family structures
- Former President of the PHD Chamber of Commerce and Industry (PHDCCI)
- Former Chairperson of Society for Integrated Development of Himalayas (SIDH) and Child Fund India
- Was the member of Task Force-Commission on Centre State Relations, Govt. of India in 2008
- Was a Managing Committee member at ASSOCHAM
- Was a member of the Advisory Committee, Dept. of Company Affairs, Govt. of India
- Currently on the Board of the Indian Institute of Management (IIM), Indore
- Presented papers at national and international conferences on wide ranging issues relating to organisational management
- Chairman of Nomination and Remuneration and CSR Committee of the Company
- Member of Audit Committee and Shareholders' Relationship (Shareholders'/Investors' Grievance) Committee and Corporate Affairs Committee of the Company

Dr. Rainer Siegfried Simon

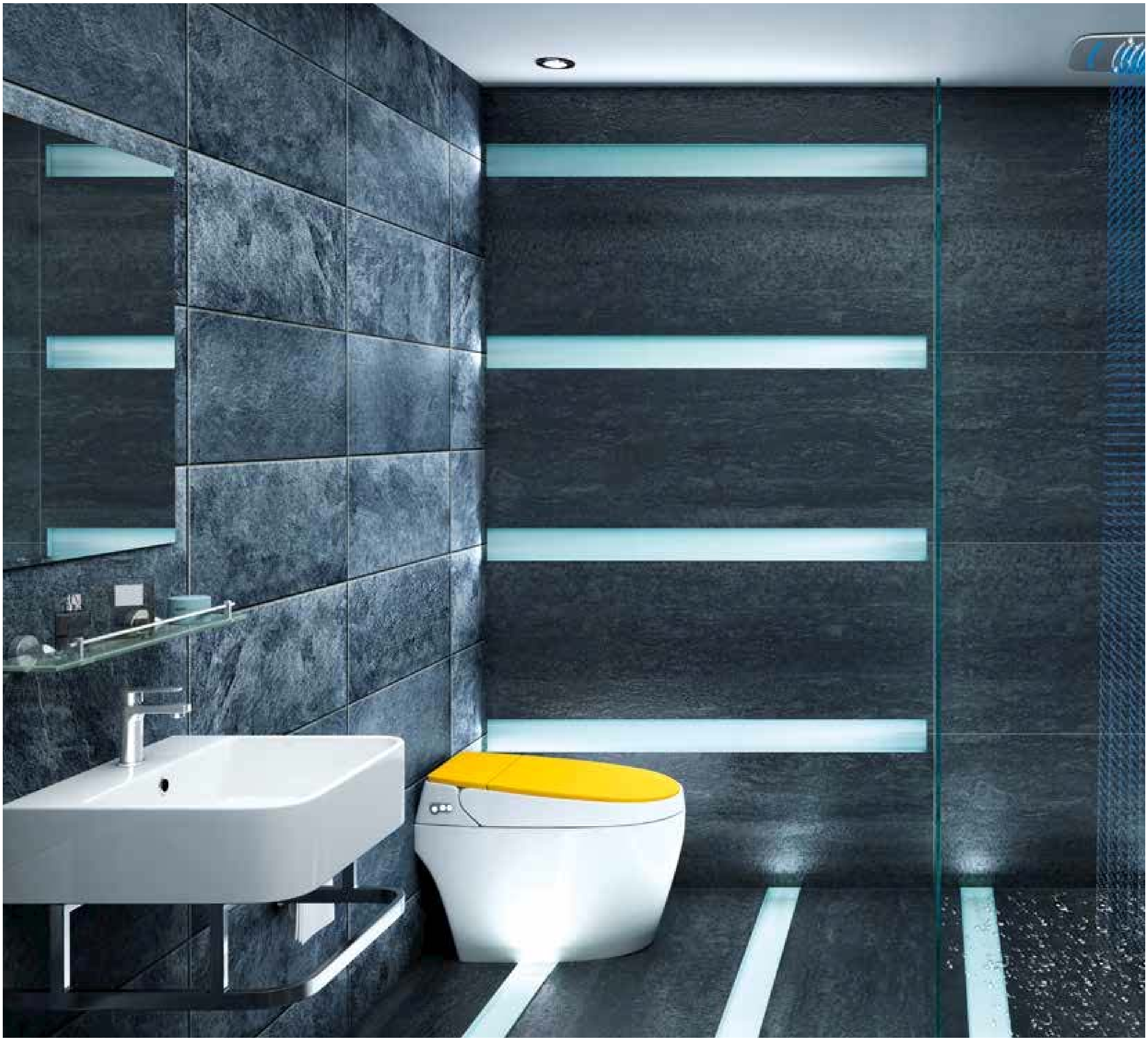
Since: 18.05.2011

- A German Citizen, professional with over 32 years of experience in international Building Products Businesses
- A Doctorate and has a degree in Business Administration from St. Gallen University, Switzerland
- Owner of Birch Court GmbH since 2005
- Former President and CEO of Sanitec International AG (Europe's largest Sanitaryware manufacturer)
- Held Senior Management positions at Friedrich Grohe AG (largest player in faucet business in the world), Continental AG and Keiper-Recaro and others
- Member of the Board, Lecico Egypt S.A.E.

N. G. Khaitan

Since: 29.06.1996

- Attorney-At-Law and a Notary Public appointed by the Government of India
- Practises in the Calcutta High Court and in the Supreme Court of India
- Senior partner at Khaitan & Co., one of the leading law firms in India
- Awarded Bell Chamber's Gold Medal by the Incorporated Law Society, Calcutta High Court, for standing first in all the Law examinations
- President of the Indian Council of Arbitration, New Delhi
- Vice President of Bharat Chamber of Commerce and The Agri-Horticultural Society of India
- Executive Committee member of the Federation of Indian Chambers of Commerce and Industry (FICCI), New Delhi
- Executive Committee member of two leading schools in Kolkata
- Chairman of the Company's Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee of the Company
- Member of Audit Committee of the Company



Management discussion and analysis

A company built on strong foundations and sound economic fundamentals is in a better position to withstand business downturns and rebound faster with renewed vigour to address growth opportunities.

The story of HSIL and the Indian economy is similar as both have laid a strong foundation for sustainable economic growth and are built on robust foundations resilient to cyclical disturbances and downturns.

The Indian economy and HSIL have stayed true to their promise of creating long-term value for their stakeholders. In these testing times, both have retained stakeholder confidence and continued on the path of growth and value creation.

Global economic overview

Political uncertainties and the need for continuous monetary and policy support from central banks were the key themes of 2016. As per IMF, global economic growth slowed to 3.1% in 2016 from 3.4% in the previous year, due to events like Britain's exit from the European Union and weaker-than-expected growth in the United States of America. In 2016, the factors that moderated growth comprised:

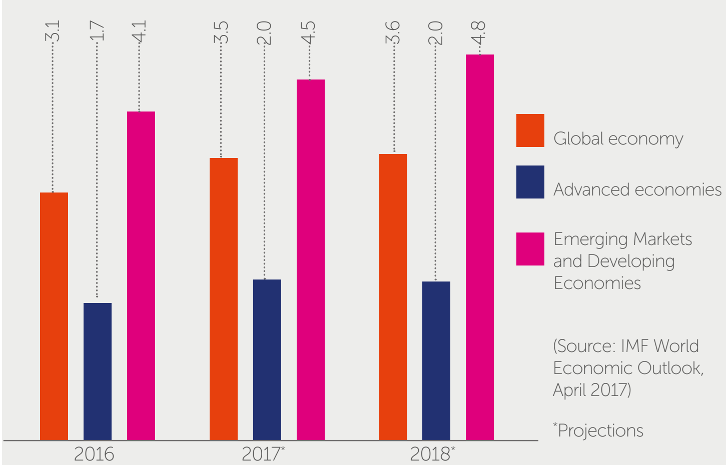
- Sluggish activity in advanced economies and weak industrial production
- Low commodity prices, weak global trade and diminishing capital flows in the first half of the year.
- Lower-than-expected US growth that put a downward pressure on global interest rates.
- Decline in capital spending in the energy sector and financial market volatility.
- The UK referendum that caused severe uncertainty regarding the macroeconomic scenario.

(Source: IMF)

The financial market sentiment in emerging economies became better in the second half of 2016 due to expectations of lower interest rates in the advanced economies but projections of growth varied largely across regions. Asia, more specifically India, reported strong growth while sub-Saharan Africa experienced a slowdown.

The global outlook looks brighter in 2017 with the global economy expected to perform better due to a revival in growth arising out of developments in emerging and advanced economies namely investment, manufacturing and trade rebound, normalisation of macroeconomic conditions in countries facing deep recessions and an increase in the proportion of fast-growing nations. (Source: IMF)

Global growth trends (%)



Indian economic overview

The Indian economy has been growing at an accelerated pace since 2014, supported by favorable government reforms and stringent fiscal regime that reigned in inflation. India could not sustain its 7%-plus economic growth momentum registered over the last three years. In FY2016-17, India's economic growth has been pegged at 6.8% down from 7.9% recorded in the previous financial year largely owing to policy initiatives like demonetisation. Despite this slip, India emerged as the fastest growing major economy in FY2016-17 due to combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices. (Source: IMF)

India's Consumer Confidence Index stood at 136 in the fourth quarter of 2016, topping the global list of countries on the same parameter, as a result of strong consumer sentiment, according to market research agency, AC Nielsen. The three-point increase in the confidence index reflects the strong economic and commercial performance of the economy and the inherent confidence of the consumers in the India growth story.

The halving of global oil prices that began in late 2014, has been a boon for India. Being one of the largest importers of oil in the world, the fall in oil prices has narrowed the current account deficit and improved fiscal position and helped contain inflation.

India's overall outlook remains positive with economic growth expected to rebound in the range of 6.75-7.5% in 2017-18 as per the Economic Survey for 2016-17. This optimism is based on two critical realities. The proposed adoption of the Goods and Service Tax (GST) promises to make India one unified market. It will enhance the efficiency of production and movement of goods and services across India. This critical fiscal policy could make an important contribution to raise India's medium-term GDP growth momentum to over 8% (Source: IMF). Further, the Union Budget 2017-18, Agenda to Transform, Energise & Clean India (TEC India) puts an unprecedented thrust on rural infrastructure development with a multiplier effect across sectors. This initiative promises to make an important contribution to India's economic resurgence. In addition, the Government's decisive policies in the area of fiscal consolidation, agricultural sector reforms, labor market reforms and moderating inflation are expected to accelerate India's economic progress over the medium-term.

Hindware Rimless series of water closets recommended by IMAPH (Indian medical academy for preventive health) is the only water closet brand which is 100% Clean and 100% Rimless and is also now 100% bacteria-free as recommended by IMAPH

India's economic growth has been pegged at 6.8% for FY2016-17

Agenda to Transform, Energise & Clean India (TEC India) puts an unprecedented thrust on rural infrastructure development with a multiplier effect across sectors.

India's growing competitiveness

India's per capita GDP (in purchasing power parity) almost doubled between 2007 and 2016 - from US$3,587 to US$6,599	India's GDP growth surpassed China's in FY 2015-16 as India emerged as the fastest-growing major economy in the world	Inflation remained below the RBI's target of 5% in FY17 largely due to a decline in commodity prices	The proposed implementation of GST will address India's longstanding challenges related to multiple taxes on goods and services.

(Source: The Global Competitiveness Report 2016-2017, Economic Survey for 2016-17)

Growth drivers

India's economic growth story is underpinned by the economy's structural drivers, including demographics, reforms, improving infrastructure, urbanisation and a rising middle class.

- **Burgeoning middle-class:** Rising affluence is the biggest driver of consumer spending, which is increasing at a growth rate of 12% per year in the country. Consequently, the affluent segment is poised to become the largest consumer segment by 2025, accounting for 40% of consumption compared to 27% in 2016. The middle-class is travelling more frequently for work or vacation; it is getting exposed to latest trends and aspires for better lifestyles and quality products. With the middle-class populace climbing up the social ladder, the purchasing power will improve, leading to more spending. Our company is well-placed to gain from this changing consumption pattern as we are focused on providing premium and luxury products to our customers. (Source: BCG)

- **Disposable incomes:** A tangible rise in disposable incomes has ushered in sweeping lifestyle changes. Historically, rise in disposable incomes leads to enhanced discretionary spending. As per a study by McKinsey Global Institute (MGI), if India's economic growth remains stable, average household incomes could treble in two decades, making India the world's fifth largest consumer economy by 2025, up from the current 12th position. India's robust economic growth and rising household incomes are expected to increase consumer spending to US$ 3.6 trillion by 2020. As per the Central Statistics Office, Government of India the per capita annual income in India, is poised to cross ₹1 lakh during FY2017-18, increasing by 7.5% y-o-y . Disposable income was further aided by implementation of the seventh pay commission and increased rural spending. This increase is expected to manifest itself via changing lifestyle patterns with the sanitaryware and better lifestyle products segments emerging as key beneficiaries. The concept of quality sanitary ware has evolved from being an exclusive domain of the rich and famous to a basic necessity accessed by all classes of people. Looking ahead, this trend is expected to gather more steam.

● **Continuing rise of the urban segment:** India's urbanisation has been different from most other countries in that it is not concentrated in a few cities as in Indonesia and Thailand; it is not as dispersed as in the USA. The urbanisation in India has been uniquely Indian and it is estimated that about 40% of India's population will live in urban areas by 2025, accounting for more than 60% of the total consumption. Interestingly, it will be the rise of many cities and not just megacities that will account for a large part of this growth. (Source: BCG)

● **Evolving trends:** Basic necessities like food, clothing and shelter have historically represented the largest expenditure for Indians. Over the past few years, however, there have been three notable changes in consumer spending patterns. The first is a rise in the total amount spent on education, leisure and telecommunications, driven by greater demand, as well a change on the supply side. The second is the shift towards better, higher-priced sub-segments in the same historical categories ranging from food to consumer durables. The third is the upgradation of lifestyle due to peer pressure of following the lifestyle statements of friends & relatives. India's brand-conscious youth population has led the change in this regard. As of 2014, over half the country's population (approximately 53%) was above the age of 25 years. Moreover, estimated median age of the country's population for the same year was pegged at 27 years. The increase in per capita disposable income in the hands of the young population is expected to result in higher consumer spending on different lifestyle products and food and beverages. The rise in spending on these products will in turn lead to growth in complementing industries like packaging. (Source: ReportLinker)

● **Governmental initiatives:** The continued focus of the government towards sanitation (Swachh Bharat Abhiyaan), affordable housing (Housing for All by 2022), building smart cities (Smart Cities Mission), urban transformation (AMRUT) will play a key role in driving the building products industry. Under the Swachh Bharat Abhiyaan, India intends to be open defecation-free through the construction of individual, cluster and community toilets. The Government's 'Smart Cities Mission' initiative is aimed at urban renewal and making the cities citizen-friendly and sustainable. The building products industry can play a pivotal role in developing cities into strategic and utilitarian clusters, marked by cleanliness and sanitation and support the government to achieve its development goals.

● **Replacement market:** The demand for replacement market is low in India (around 15%) as compared to developed countries (around 80%). Demand for new construction is dependent on the rate of construction of new homes which varies significantly with economic cycles. At the same time, demand from renovation is relatively less dependent on the economic cycle. The average life of a bathroom in urban India is expected to come down as Indians keep upgrading their spaces. The result: the replacement market has the potential to go up to 75-80% in value terms and this presents a big opportunity for building products industry.

● **Tourism & Hospitality boom:** The Indian tourism and hospitality industry has emerged as one of the key growth drivers among the services sector in India. The performance of the hospitality industry continues to be robust. During the January-November period of 2016, international tourist arrivals grew by an estimated 10.4% to approximately 7.85 million compared to around 4.7% during the same period in 2015. The tourism and hospitality sector's direct contribution to GDP in 2016 was estimated at US$47 billion. The direct contribution of the travel and tourism sector to the nation's GDP is expected to grow at an estimated 7.2% per annum till 2026 to reach around US$160.2 billion. The rise in tourism will lead to growth in hospitality industry and an increase in infrastructure development which in turn will help complementary industries like building products, consumer products, packaging industry etc. (Source: IBEF, Business Standard)

● **Increasing focus on clean drinking water:** The water purifier segment in India is witnessing significant growth across all three end users, viz household, industrial and commercial owing to rising awareness about water-borne diseases, higher disposable incomes, increasing urbanisation, technological advancements and pricing becoming affordable. The demand for water purifiers for households is growing due to the Government's efforts at spreading awareness, flourishing middle class along with rapid urbanisation. The Indian water purifier market is expected to grow at a CAGR of around 15% between 2016-24. Of the various technologies in water purification, Reverse Osmosis (RO) and Ultra Violet technologies have registered the maximum growth in the household segment. (Source:Transparency Market Research)

● **Liquor consumption:** A change in outlook towards consumption of alcohol especially among women and a growing prominence of pub and cocktail culture in urban centres coupled with the emergence of novel F&B formats has resulted in increasing demand for alcoholic beverages in the country. The result: beer offtake in India is expected to grow at a rate of around 7.5% per annum over the

next five years, despite regulatory hurdles like licensing restrictions, localised taxes and a nationwide ban on advertisements of alcoholic drinks. In 2016, consumption of beer in India stood at 4.6 litres per capita as against 57 litres per capita in fast-growing economies of Asia. However, a young burgeoning middle class with rising disposable incomes will lead to greater spending on alcoholic drinks, and in particular beer. This is expected to translate into a growing demand for packaging products. (Source: ET, BMI Research)

- **Eco-friendly packaging:** The use of recyclable materials enables manufacturers to provide lightweight packaging for their products and increases the reuse of packaging materials. Most major players are shifting to sustainable packaging to gain a competitive advantage over their peers. There is an increasing awareness among manufacturers as well as consumers about the environmental impact of plastic packaging. Compared with plastic, glass is recyclable and can be used repeatedly. It is the only packaging product with an endless recycling life. A glass container can go from the recycling bin, through recycling, and be made ready for use within a month. The environmental advantages of glass over plastic packaging bodes well for the glass packaging industry.

- **Pharma growth:** Glass containers are increasingly preferred by the pharmaceutical sector due to their recyclability and neutral nature. These qualities make them ideal for the storage of medicines, without risking contamination or spoilage. The need for providing improved medical care for a growing population will allow the domestic pharma sector to clock an annual growth rate of around 16% to reach US$ 55 billion by 2020 which in turn will lead to more demand for packaging products. (Source: IBEF)

- **Qualitative improvements:** People have grown increasingly aware about the health and hygiene standards associated with food products particularly in urban areas. Consumers have been shifting from poorly packaged food products to the consumption of hygienically packaged fortified foods. The size of the packaged foods industry in India is set to jump to around ₹33 lakh crore by 2017 from around ₹21 lakh crore in 2015 on the back of an increasing demand for ready-to-eat foods. The nonporous and impermeable nature of glass makes it ideal for packaging foods and beverages. The flavour and aroma of the foods is not affected and no chemical interaction ensures that products do not develop a nasty aftertaste. (Source: Assocham, DNA)

- **Technological advancements:** Glass packaging manufacturers have rationalised their costs through the manufacture of lightweight glass packaging products. Lightweight glass containers are lighter than the conventional equivalent. The narrow neck press and blow technology is used in the manufacture of containers with a narrow diameter. This process has helped glass packaging manufacturers improve productivity, reduce weight and widen variations in thickness distribution. (Source: Mordor Intelligence, Glass Packaging Institute)

A glass container can go from the recycling bin, through recycling, and be made ready for use within a month.

Building products division

The Building Products division is the flagship vertical of the company comprising three sub-segments - sanitaryware, faucets and pipes. In the sanitaryware space, HSIL has maintained its leadership position through a combination of premium products, unique designs, flawless quality and extensive distribution chain. Trusted and recognised by millions across the country, HSIL has continued to grow the sanitaryware segment with its commitment for continuous improvement through path breaking technology, meaningful innovation, human resource development and world class quality management systems for superior customer satisfaction. A strong top-of-the-mind brand recall and introduction of new products has always helped HSIL to retain its leadership position and increase revenues. We forayed into the business of faucets as a natural progression towards becoming a complete bathroom solutions provider. Our policy of offering differentiated products across the price spectrum has resonated with the needs of their respective consumer segments and helped us reach the #3 position in the faucets industry. HSIL decided to extend into the household plumbing pipes segment (CPVC & UPVC pipes) in 2015 to provide integrated solution for home building, enhance customer

convenience, facilitate cross-sale and extend the existing building products distribution chain to the hardware channel distribution chain for the pipes sub-segment. This is a natural extension of portfolio of bathroom product streams from "front of wall" to "behind the wall." At present, the plant, equipped with best-in-class manufacturing facility, is being set-up in village Isnapur, District Medak, Telangana, with plans to scale it upto 30,000 MT capacity in coming 3-4 years. The pipes sub-segment is expected to start generating revenues during FY2017-18.

Sectoral overview and optimism

Sanitaryware: India's sanitaryware market grew at an estimated CAGR of 7-8% in the current year on the back of rapid urbanisation, changing user preferences and increasing disposable incomes. The total size of the sanitaryware market in India is currently estimated at around ₹4,000-4,200 crore. The sector is passing through a period of consolidation as key players are diversifying their product portfolio so as to moderate expenses. The sector comprises around 250 unorganised players using traditional methods and catering to the mass market. In contrast, the organised players use state-of-the-art technologies to address the standard and premium segments. As per unconfirmed industry sources, the sanitaryware market is expected to grow at a CAGR of around 10% going forward. Looking ahead, organised players will leverage their presence in allied segments like faucets, tiles and wellness due to a slowdown in the real estate market aggravated by the lack of cash in the aftermath of the demonetisation initiative.

Faucets: The Indian faucets industry is currently estimated at ₹7,200 crore (unconfirmed industry sources) and currently growing at a CAGR of around 13-15%. The Indian faucets industry has come a long way as faucets have evolved in the country from being perceived as a basic functional product to a fashion and style statement. Over the years, growth in the real estate industry, increase in disposable income, changes in consumers' preferences and lifestyle, and exposure to international brands have given a boost to the faucets industry. The market is mainly segmented into two categories: kitchen faucets and bathroom faucets, where the latter occupies the major market share. The organised sector accounts for nearly 50% of the market share. The share of unorganised players is expected to decrease in the coming years, primarily due to increasing brand awareness among consumers and preference for premium and luxury products, hence leading to a demand shift towards the organised players. The faucets segment is expected to outperform growth of the sanitaryware and tile segments by growing at a CAGR of around 15% over the next three years. (Source: ICICI Securities)

Pipes: PVC pipes and fittings market, which comprises of segments such as PVC, UPVC and CPVC, has witnessed a remarkable growth in the past decade and a half, due to the increase in the demand from irrigation sector and construction industry. The market revenues have grown at a CAGR of around 13% from 2010-15. According to estimates, the Indian PVC pipes and fittings market will grow at a double-digit CAGR over the period 2015-20 and is projected to reach an estimated ₹327 billion by FY2020. The Indian market size of the plastic piping business in the field of plumbing & sanitation for building and construction industry is estimated at ₹8,000 crore. The launch of new products, improved penetration of the companies with expanding distribution network and the significant role played by the government in the development of irrigation infrastructure and real estate sector in the country could bolster the growth in the industry. PVC pipes shall gradually replace conventional GI piping systems due to their lower cost, ease of application, higher durability and non-disruptive performance. CPVC pipes are expected to register fastest growth in the 5 years from 2015-20. Rising acceptance of CPVC pipes over galvanised or PVC pipes will lead to growth. The organised segment of the market is predicted to grow at a faster rate with shifting preferences towards branded and quality products being witnessed in the domestic market. (Source: Ken Research)

According to estimates, the Indian PVC pipes and fittings market will grow at a double digit CAGR over the period 2015-20.

Business: Performance, promise and priorities

Performance

Revenue from the building products vertical increased by 8% from ₹961 crore in FY2015-16 to ₹1,038 crore in FY2016-17 and contributed 47% to the Company's consolidated topline. This growth was driven by expansion of consumer-centric stores (Brand Shoppes) which enhanced the shopping experience for customers, new product designs and consumer centric-innovations like the Dream Bath mobile app which provided simulations of how the bathrooms would look like when equipped with HSIL products.

Sanitaryware: Business volumes registered a healthy uptick over the previous year owing to a deeper penetration in the domestic consumption hubs and widespread acceptance of new products. The Company launched a new rimless water closet in seven different designs which received an overwhelming customer response. To cater to the growing demand, HSIL is expanding its manufacturing capacity from 3.8 million pieces to 4.2 million pieces per annum; expected to be commissioned in FY2017-18. To strengthen our customer connect, the Company adopted a two-pronged strategy. First, we added new dealers in and around major consumption centres in Tier-1 and Tier-II locations. The Company broadened its Brand Shoppe footprint by establishing 200+ Hindware Galleria across these key retail clusters in India. Secondly, the Company introduced Darpan application, to enhance business transparency; Pragati CRM, a tool which linked customers and builders with the Company, enhanced visibility and lead to a better assessment of demand-supply patterns. The Company unveiled the Dream Bath mobile app which provided simulations of how the bathrooms would look like when equipped with HSIL products. It also has a dealer locator feature which allowed customers to identify nearby stores selling the Company's products. Through our luxury brand Queo, the Company works with leading international designers to bring marquee designs and concepts to India. During the fiscal gone by, Queo expanded its footprint by opening 15+ luxury emporio showrooms across key Tier-1 cities. The Company re-introduced, its much loved brand, H-Vitreous, the flag-bearer of the vitreous china sanitaryware industry in India since the 1960s, in a new avatar. H-Vitreous will offer products which combine quality with functionality in an affordable manner to address the mass market.

BPD Pan-India Distribution Network:
Retailers-21,000+
Dealers-3,200+

15+ luxury Emporio showrooms in Tier 1 Cities

Faucets: During the year, the faucets revenue grew by around 25%, considerably faster than the sectoral growth average. HSIL restructured its distribution network from a dealer-model to a distributor-sub-dealer model for extending its reach to the deeper consumption pockets. Today, with a revamped network, HSIL faucets have established a distribution reach which covers around 80% of India. The Company launched seven new ranges in faucets this year. Today HSIL has one of the most comprehensive faucet and shower ranges in the industry, addressing affordable housing to most luxury homes.

Pipes: HSIL forayed into the CPVC, UPVC pipes and fittings business with an aim to emerge as a comprehensive bathroom solution provider. The Company will be manufacturing all types of CPVC and UPVC pipes and fittings, suitable for potable water transportation, water harvesting and sanitation applications, primarily in building construction segment. The launch of the pipes division will make HSIL the exclusive company in India that offers integrated homebuilding solutions through product offerings such as plumbing, sewerage, sanitation, underground drainage, water harvesting and electrical solutions, besides our existing products in sanitaryware and faucets segments. The Company will commission a manufacturing facility at Medak, Telangana in FY2017-18. This infrastructure will enable the Company to become a major player in the Indian pipes and fittings industry, capable of manufacturing BIS-approved products.

Promise

India's bathroom trends have transformed from the functional to the experiential. The result is a growing bathroom investment and a desire to beautify bathrooms with well-designed products. This trend is expected from increased disposable income, marked by a preference for value-added products - from unbranded to branded, from mass to premium brands. HSIL enjoys a holistic presence across the value-chain that should help the Company capture a growing share of the customer's wallet. Bathrooms today have become show stoppers and lifestyle statements. HSIL as a leading company in this industry promises to use its expertise and appreciation for changing trends in bathroom design to earn customer admiration and satisfaction.

Priorities

The business priorities will be focused on three strong principles:

- Establish distribution points for Hindware bathroom solutions' entire range in all identified consumer clusters
- Expand retail Brand Shoppe footprint, to provide easy access of our products to consumers
- Launch Innovative products, services and technology solutions for customer convenience

HSIL's pipes division aspires to be among the top 4 brands in the country in the next 5 years, primarily focusing on its core product related to plumbing (hot and cold) and also inclusion of value added niche products in due course.

HSIL's pipes division aspires to be among the top 4 brands in the country in the next 5 years.

Consumer products division

To gain a larger share of the customer's wallet, HSIL introduced home comfort products. Leveraging the Hindware brand and its entrenched distribution network, the Company partnered with leading global brands launching path-breaking products for the discerning Indian consumer. The Company's product basket comprises kitchen appliances including cooktops, chimneys, vents, hobs, water heaters, water purifiers, air coolers and air purifiers. The company launched its range of air purifiers and water purifiers under the new brand "Moonbow".

Sectoral overview and optimism

Kitchen appliances: The Indian market for built-in kitchen appliances like chimneys, hobs, ovens, cooktops, dishwashers, kitchen sinks is projected to grow at a CAGR of around 17% during 2016-2021, on account of changing consumer lifestyles and increasing customer awareness about the benefits of using built-in kitchen appliances. Growing working population base, rising women workforce and expanding middle class population base are major factors driving India's built-in kitchen appliances market. Growing personal disposable income levels is anticipated to boost the sale of built-in kitchen appliances in India over the next five years. (Source: TechSci Research)

Water purifiers: The growing awareness about the presence of harmful impurities and pathogens in the water supplied to households and other sectors has increased the demand for water purifying technologies. This has significantly triggered a necessity for portable water to prevent diseases. Several Government initiatives ensure the safety of citizens focusing at raising awareness about water purity, which has augmented the demand for these technologies across the residential and commercial sectors. The Indian water purifier market is expected to grow to a size of around $4.1 billion by end 2024, compared to around $1.1 billion in 2015, growing at an estimated CAGR of 15% between 2016 and 2024. (Source: Transparency Market Research)

Air coolers: The Indian air cooler market is growing at a CAGR of around 11% for the last four years and the market is projected to grow due to increasing disposable income, growing demand among the middle-class and low ownership price and affordable operation cost of air coolers as compared to air conditioners. The Indian air cooler market is divided into the residential and industrial markets. The residential and industrial air cooler market are growing at a CAGR of around 16% and 9% respectively from past four years. Low capital expenditure, electricity benefits of air coolers and the middle income group has majorly fueled sales in residential market. According to India Air Cooler Market Outlook, 2021, this market is anticipated to reach around ₹8,000 crore by 2021 with a shift from the unorganised to organised market.

Water heaters: The market for water heaters in India is expected to surpass US $450 million by 2020. The Indian water heaters industry is filled with large numbers of un-organised as well as organised manufacturers. The market has shown immense growth potential resulting into the continuous innovation in the products by the organised segment. More than half the electric water heater market share is enjoyed by the established business units as they are able to offer products that are technologically upgraded along with an increased level of safety as well as energy efficiency. The electric water heater market is anticipated to grow at a CAGR of around 7.5% from 2016 to 2024. Electric water heaters continue to dominate the market as they come with a low ownership cost and ease of maintenance, and our forecasted to dominate the market in the near future. The demand for water heaters has been increasing over the last few years on account of growth in the construction sector and increasing disposable income. (Source: TechSci Research, Fractovia)

Air purifiers: Air purifiers market in India is projected to grow at a CAGR of over 40% during 2015-20. Growth in this market is anticipated because of continuously degrading air quality leading to respiratory diseases, increasing awareness about air purifiers, rising inclination towards lifestyle oriented products, along with rising health consciousness among consumers. Presently, India is a nascent market for air purifiers with miniscule penetration across commercial, residential and institutional segments. As a result, the market holds untapped potential. Currently, HEPA-based air purifiers enjoy the highest demand due to their high efficiency, zero by-products emission and rising acceptability across all sectors. (Source: TechSci Research, Research and Market)

Business: Performance, promise and priorities

Performance

During FY2016-17, the Company continued to widen its product offering to customers. Even as its innovative products, under Hindware Atlantic and Moonbow brands continued to gain traction through word-of-mouth referrals from satisfied customers, HSIL introduced superior variants in existing product categories (42 kitchen appliances, 44 kitchen sinks, 29 water heaters and 6 air purifiers, 19 air coolers and 5 water purifiers) around customer preferences. The Company widened its opportunity matrix by entering the water purifier space with an innovative product that adds essential minerals to the water, post-purification.

The Company sustained investments in brand-building advertisements leveraging the media and introduced interesting distributor schemes even as it worked to strengthen its distribution network (340+ distributors). The Company added 1,500+ touch points to its retail channel, taking channel strength to 5,500+. Besides, the Company has leveraged e-tailing sites such as Amazon India, Flipkart, Pepperfry, Paytm, Snapdeal and modern trade outlets such as Metro, Wal-Mart, Croma, Spencer's and Reliance Digital to market its flagship products to enhance customer convenience. This generated interesting business volumes for the Company. These initiatives facilitated in shoring volumes and revenue of this business segment grew by more than 100% Y-o-Y.

Promise

Being the world's second largest middle-class consumer market, the number of Indian middle-class households is likely to exceed 90 million by 2030. Consumer spending patterns are fast evolving with a rise in the amount spent on education and leisure products, gradual shift towards better, higher-priced sub-segments in the same historical categories ranging from food to consumer durables and upgradation of lifestyle trends due to peer pressure. India's brand-conscious youth population has led the charge in this regard. The increase in the younger middle-class is expected to result in a higher consumer spending on different lifestyle products. (source: Euromonitor)

Priorities

In FY18, the Company plans to expand its product range and widen its geographic footprint. We are also analysing the viability of setting up an assembly line for water heaters; our flagship product in this business vertical.

The Company added 1,500+ touch points to its retail channel, taking channel strength to 5,500+.

Packaging products division

The manufacturing facility for the security caps and closures business is currently being set up in village Isnapur, District Medak, Telangana.

HSIL's packaging product portfolio comprises glass containers and PET bottles (used in the packaging of, food, liquor, beverages and pharmaceutical products) and enjoys a significant market share in the container glass manufacturing segment. HSIL employs best-in-class technologies to manufacture 600+ variants of customised and innovative glass containers in various colours.

In 2015, we decided to enter the business of manufacturing security caps & closures to complement our existing line of business. The manufacturing facility for the new business is currently being set up in village Isnapur, District Medak, Telangana, and we expect to commence production during FY 2017-18.

Sectoral overview and optimism

The Indian packaging industry has reported steady growth over the past several years and has shown significant potential for expansion in the export market. Over the last few years, the packaging industry has emerged as an important sector driving technological and innovational growth in the country and adding value to the various sectors including agriculture, healthcare and FMCG. Packaging plays a critical role in the perishable goods space as it plays a defining role in improving its shelf-life. As a result, food and beverages represent the largest application, which is also catalysing the demand for innovative packaging solutions. The packaging industry's growth has led to greater specialisation and sophistication from the point of view of health (in the case of packaged foods and medicines) and eco-friendliness of packaging material. Moreover, better packaged products move faster in the marketplace, address counterfeiting and enhance brand appeal. As per a report prepared by FICCI and Tata Strategic Management Group (TSMG), the packaging industry in India is expected to reach US$73 Billion in 2020 from US$32 Billion in FY 2015. In the coming years, as per the same report, the Indian packaging industry is projected to clock an attractive 18 percent annual growth rate. In 2015, the per capita consumption of packaging materials in India was just 8.6 kilograms, compared to 20 kilograms in China, 42 kilograms in Germany and 71 kilograms in the US. With India's e-commerce revenues expected to jump from $30 billion in 2016 to $120 billion in 2020, the offtake of well-packaged products is expected to gain steam. The surge in organised retail and e-commerce is expected to drive this industry with around 75% of the shoppers between the ages of 15-34 years, who pay close attention to packaging appearance. Going forward, the functional demands on packaging will also undergo a sea change as a result of changes in transportation modes and environmental concerns. (Source: www.pacprocess-india.com. , TSMG, Business Standard, ASSOCHAM-Forrester)

Container glass packaging

Currently, Indian glass container market is estimated to be around USD 1.1 billion. India is among the top 15 markets in the world for glass packaging. Increased health consciousness, advanced technologies and consumer exposure have emerged as key demand drivers for the glass packaging industry. Though the country's per capita consumption of container glass currently is not much, it is expected to improve in the future with increase in disposable income with growing middle-class. Glass is inert, odourless, impermeable and infinitely recyclable. While there has been a shift to other packaging media over the years, glass packaging continues to be the preferred packaging choice for certain product categories. The primary application for glass packaging in India is in the alcoholic beverages sector including beer, IMFL, wine and IMIL. The consumer acceptance of glass as a premium packaging medium has helped several product manufacturers to better brand their products. Adoption of the latest technologies and usage of automated machines in the manufacture of glass containers in the country has grown in the last decade. Looking ahead, the adoption of the narrow neck press and blow technology will help Indian manufacturers deliver lightweight glass packaging solutions. As per industry sources, currently the container glass manufacturing capacity in India stands at 12,000 tonnes per day.
(Source: Markets and Markets)

PET bottles: PET enjoys the maximum share of the packaging material mix for industry as a whole. PET is considered safe for storing water and soft drinks, reinforced by attributes like lightness, superior clarity and gloss (ensuring product visibility for the customer), higher shelf life and recyclability. The global PET bottle market has seen an estimated 7% CAGR growth in the last five years, with FMCG sector being one of its key growth drivers. India and China hold the potential to emerge as leaders in this market as the APAC (Asia-Pacific region) is one of the major PET bottle consumers accounting for about 40% of the global PET bottle market. (Source: Transparency Market Research)

Security caps & closures: Products such as security caps and closures are essential to prevent the counterfeiting of liquor and pharmaceuticals products. While bottles and containers are the main packaging material, these are rendered ineffective without security caps and closures. These products are integral to the packaging industry.

HSIL's foray into this business division, with a patented product range has opened new growth avenues for the Company – domestically as well as overseas.

Growing preference for glass packaging

- The global glass packaging market is expected to grow at a CAGR of around 4% till 2019 to reach an estimated $60 billion.
- Eco-friendly as glass can be recycled.
- Glass has almost zero chemical interaction, ensuring that products inside a glass container can retain their strength, aroma and flavour.
- Glass seals moisture better.
- While plastic erodes overtime, glass faces no such problem.
- There is no chance of toxicity entering glass packaging and into contents as it is chemically inert.
- Plastic packaging tends to distort over time or alters its shape while glass packaging holds its shape.

Currently Indian glass container market is estimated to be around USD 1.1 billion.

As per industry sources, currently the container glass manufacturing capacity in India stands at 12,000 tonnes per day.

The country's per capita consumption of container glass is expected to improve with increase in disposable income with growing middle class.

Business: Performance, promise and priorities

Performance

The Company's packaging products division registered topline growth of around 10% in the first half of FY2016-17 but sales slightly declined in the second half due to domestic developments like currency demonetisation and the Hon'ble Supreme Court directions impacting the operation of liquor vends on national highways leading to tepid demand from consumers. Strategic measures undertaken in the container glass and PET bottle segments promise to accelerate growth over the coming years.

Container glass: The Company introduced 55 new designs and 35 lightweight glass containers during the year under review, which were well received by customers. In addition, the Company streamlined operations of its recently-commissioned production line, which employs the narrow neck press and blow technology. The successful clearing of customer audits by two new product lines promises to bolster business volumes over the coming years.

HSIL invested in a dedicated line for coloured containers and initiated the export of such containers to liquor manufacturers. The Company also added two lines for manufacturing small-sized containers, enjoying robust demand.

PET bottles: The Company continues to expand its product portfolio with new products and variants to increase sales volumes with existing customers and widen its customer base (80 new customers added in FY2016-17). Dedicated efforts towards broad-basing the customer mix continued during the year and consequently the share of pharma clients increased to around 35%. The Company entered the agro-chemical and food product sectors during the year and will look to consolidate its presence in these segments, going forward. The Company has undertaken various initiatives to improve quality and productivity levels and optimise production costs.

Promise

The consumption of packaging materials is expected to surge catalysed by a growing Indian middle-class, e-retail expansion and increased global demand. Container glass in India is used by various sectors such as liquor and beer, food and beverages, pharmaceuticals, cosmetics and perfumes. While plastic is replacing glass as packaging material in certain segments internationally (F&B, pharmaceuticals, among others), it is still considered indispensable in the beer and liquor industries. Besides, expensive, quality products like injectables, medicines and liquids, among others, are mostly packaged in glass as it guarantees longer shelf-lives.

The PET division is working on ambitious growth plan through new investments in additional capability in new polymers and processes to create new business opportunities in rigid packaging across agro-chemical, food, pharma and FMCG sectors. Focus will be on partnerships with customers and getting involved in joint development efforts at an early stage - a process already started with two major key accounts in the pharma and FMCG sectors.

Priorities

Looking ahead, a keen emphasis will be laid on market expansion and the creation of a distinctive portfolio. As a means to this end, a strategic roadmap has been drawn to ensure topline and bottom-line growth. In the glass containers segment, the Company will focus on the export of value-added products. While new product designs and superior efficiencies will remain a critical focus area, the Company will realign its business model in key user segments. The business intends to increase the proportion of value-added products in its sales mix. As a means to this end, the Company plans to extend strategically into the production of new narrow neck press and blow containers.

In the PET bottle segment, the Company plans to leverage its success in its early-engagement strategy to cover an increasing number of clients, which should facilitate profitable business growth over the medium-term.

The Company will operationalise its manufacturing facility for security caps and closures in FY 2017-18 to widen its opportunity canvas.

Retail division

Evok enjoys a nationwide presence via 14 large format retails stores with an average size of 8,000 square feet.

With the aim of becoming a complete home solutions provider, HSIL entered the home interiors speciality business through Hindware Home Retail Private Limited (HHRPL), a wholly owned subsidiary.

The Hon'ble National Company Law Tribunal of Kolkata, West Bengal, vide its order dated 4 May 2017 approved the Composite Scheme of Arrangement between the Company and its wholly owned subsidiary HHRPL, their shareholders and creditors. Pursuant to the Scheme, all the properties, assets, rights, claims and obligations of the Retail Business of HHRPL have been transferred and vested in HSIL on a going concern basis with effect from the Appointed Date i.e., 1st April 2015. This will allow the Company to foray into the sectors of furniture and home improvement products. The Company's brand name Evok has over the years proven itself as a trusted brand in the home retail segment. Currently, Evok enjoys a nationwide presence via 14 large format retails stores with an average size of 8,000 square feet.

Operations: Along with large format retail stores the brand is also operational in e-commerce and franchisee module of business. The entire product portfolio (20,000+ world class contemporary products) has been categorised strategically into bedroom, living room, dining room, home décor and furnishings and modular kitchen and wardrobe to tap into emerging segments.

Business: Performance, promise and priorities

Performance

Evok has uniquely positioned itself to offer the largest range of solid wood furniture at national level, which is acceptable across customer segments for its blend of strength and durability of solid wood with trendy and contemporary designs. The brand has also enriched its assortment in non-solid wood domain. The Company is progressing well to achieve its vision to be a partner of choice for customers who seek value-for-money coupled with style.

The country's furniture market is projected to cross $32 billion by 2019.

Promise

According to a recently published report by TechSci Research, "India Furniture Market Forecast and Opportunities, 2019", the country's furniture market is projected to cross $32 billion by 2019. The country's furniture market is expected to grow at a rapid pace due to rising disposable income, expanding middle-class, growing number of urban households, shifting preferences towards branded and quality products. In addition, the anticipated rise in tourism and hospitality sectors is also expected to spur the furniture demand in the country through 2019.

Priorities

Going forward, our primary focus is on market expansion. We also plan to increase the depth of our product portfolio through differentiation in product offerings. The Company is working towards finding best sourcing options to offer customers quality products, which are expected to lead to top line and bottom line growth.

FINANCIAL HIGHLIGHTS (₹ in Lakh)

BALANCE SHEET	2012-13	2013-14	2014-15	2015-16#	2016-17#
Equity Share Capital	1320.97	1320.97	1445.97	1445.97	1445.97
Reserve and Surplus	44,184.51	47,414.50	54,358.03	61,376.91	68,451.04
Share Premium	21,144.82	21,144.82	45,497.87	45,497.87	45,497.87
Business Reconstruction Reserve	42,267.37	42,267.37	42,267.37	30,419.59	29,608.83
Loan Fund *	95,639.66	1,08,085.54	76,454.52	64,157.30	74,099.96
Deferred Tax Liability	11,008.86	11,540.41	10,449.86	20,759.32	20,768.33
Other Long Term Liabilities (including interest bearing trade deposits)	228.95	201.02	186.57	82.74	1,216.74
Long Term Provision	393.11	422.11	724.52	781.14	957.37
Total	2,16,188.25	2,32,396.74	2,31,384.71	2,24,520.84	2,42,046.11
Net Block (tangible and intangible including goodwill)	1,38,322.59	1,48,723.11	1,55,953.69	1,51,374.35	1,50,710.77
Capital Work-in-Progress (including capital advances)	9,437.29	15,042.62	4,542.08	8,197.36	20,726.86
Investments	19,706.93	13,274.00	14,448.58	3,261.91	3,503.53
Other non-current assets (including current tax)	1,693.16	2,038.08	1,734.92	7,839.60	13,241.82
Current Assets					
Inventories	36,206.83	40,573.00	43,571.43	49,005.54	49,249.68
Sundry Debtors	35,109.80	40,937.84	40,674.66	38,757.49	39,717.19
Cash and Bank	2,470.49	2,746.90	2,096.46	1,882.98	3,281.62
Other Current Assets	6,286.00	4,042.95	4,862.56	5,050.34	6,774.95
Current Liabilities					
Trade payables	13,166.92	13,710.00	12,850.89	15,360.23	19,660.37
Other Current Liabilities (other than current maturities of long term borrowings)	17,375.07	18,508.85	19,592.92	25,168.69	25,201.61
Short-term provisions	2,502.85	2,762.91	4,055.86	319.81	298.33
Net Current Assets (Working Capital)	47,028.28	53,318.93	54,705.44	53,847.62	53,863.13
Total	2,16,188.25	2,32,396.74	2,31,384.71	2,24,520.84	2,42,046.11

* Loan Fund = Long Term Borrowing + Short Term Borrowing + Interest bearing trade deposits + Current Maturities of long term borrowings - Current Investment in MFs - Fixed Deposit Receipts

Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. Return on networth and return on average capital employed of these years are computed on the basis of figures as per Ind AS. Further these figure are including the figures of demerged undertaking of subsidiary Hindware Home Retail Private Limited. Hence these numbers are not comparable with previous years.

(₹ in Lakh)

STATEMENT OF PROFIT & LOSS	2012-13	2013-14	2014-15	2015-16#	2016-17#
Gross Sales	1,68,189.20	1,85,571.06	1,96,502.76	2,05,489.91	2,19,803.48
Less: Excise Duty	13,161.18	13,887.77	14,413.80	14,974.01	15,492.15
Net Sales	1,55,028.02	1,71,683.29	1,82,088.96	1,90,515.90	2,04,311.33
Other Income	2,806.21	3,338.22	3,974.36	6,853.58	3,641.40
Total Income	**1,57,834.23**	**1,75,021.51**	**1,86,063.32**	**1,97,369.48**	**2,07,952.73**
Purchase of Traded Goods	22,524.97	28,867.21	32,814.14	40,551.39	43,940.06
Power and Fuel	39,654.64	37,701.70	28,012.20	23,248.41	24,528.80
Raw Material consumed, Manufacturing,Administrative and Other Expenses (including change in inventories)	53,411.43	64,320.34	71,026.89	75,082.21	81,466.12
Employee Cost	15,832.76	17,020.54	19,705.19	24,744.64	28,633.03
Total Expenses	**1,31,423.80**	**1,47,909.79**	**1,51,558.42**	**1,63,626.65**	**1,78,568.01**
EBITDA	26,410.43	27,111.72	34,504.90	33,742.83	29,384.72
Depreciation and Amortisation	8,507.78	10,570.48	11,925.11	11,443.31	11,083.31
EBIT	17,902.65	16,541.24	22,579.79	22,299.52	18,301.41
Interest	6,394.16	6,789.43	7,355.15	4,104.72	3,335.86
PBT before Exceptional Items	11,508.49	9,751.81	15,224.64	18,194.80	14,965.55
Exceptional Items	2,366.30	-	-	-	-
Profit before tax	13,874.79	9,751.81	15,224.64	18,194.80	14,965.55
Income Tax	336.55	4,249.81	5,676.15	3,351.62	4,889.31
Deferred Tax	3,626.00	(117.97)	(866.48)	3,215.06	(224.84)
Profit After Tax	9,912.24	5,619.97	10,414.97	11,628.12	10,301.08
Cash Profit	22,046.02	16,072.48	21,473.60	26,286.49	21,159.55

RATIO ANALYSIS

(₹ in lakh)

KEY PERFORMANCE INDICATORS	2012-13	2013-14	2014-15	2015-16#	2016-17#
Networth *	66,650.30	69,880.29	1,01,301.87	1,08,320.75	1,15,394.88
Capital Employed **	2,15,566.20	2,31,773.61	2,30,473.62	2,23,656.96	2,39,872.00
Average Capital Employed	2,01,798.94	2,23,669.91	2,31,123.62	2,27,215.29	2,31,764.48
Average Loan Funds	87,482.46	1,01,862.60	92,270.03	70,305.91	69,128.63
Cash Profit	22,046.02	16,072.48	21,473.60	26,286.49	21,159.55
Net Domestic Turnover	1,45,693.81	1,62,155.96	1,68,540.58	1,76,676.41	1,90,383.22
Export Turnover	9,334.21	9,527.33	13,548.38	13,839.49	13,928.11
Dividend (%)	150.00	150.00	175.00	200.00	200.00
Market Price - (₹) (End of year at NSE)	91.05	130.85	450.60	278.30	349.85
Total Proposed Dividend (including Dividend Distribution Tax)	2,318.13	2,318.13	3,036.30	3,480.57	3,480.57
Retained Earnings	7,594.11	3,301.84	7,378.67	8,147.55	6,820.51

* Networth=Equity Share Capital+Reserve - Miscellaneous Expenses - Business Reconstruction Reserve

** Capital Employed = Networth + Loan Funds + Deferred Tax Liability + Business Reconstruction Reserve

Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. Return on networth and return on average capital employed of these years are computed on the basis of figures as per Ind AS. Further these figure are including the figures of demerged undertaking of subsidiary Hindware Home Retail Private Limited. Hence these numbers are not comparable with previous years.

BALANCE SHEET RATIOS	2012-13	2013-14	2014-15	2015-16#	2016-17#
Return on Networth (%)	14.87	8.04	10.28	10.73	8.93
Return on Average Capital Employed (%)	8.87	7.40	9.77	9.82	7.90
Debt Equity Ratio (Net)	1.43	1.55	0.75	0.59	0.64
Debtors Cycle (Days)	76	81	76	69	66
Inventory Cycle (Days)	85	86	87	94	88
Net Current Assets Turnover (Days)	111	113	110	103	96
Turnover/Net Current Assets	3.30	3.22	3.33	3.54	3.79
Turnover/Inventory	4.28	4.23	4.18	3.89	4.15
Turnover/Capital Employed	0.72	0.74	0.79	0.85	0.85
Turnover/Net Block	1.12	1.15	1.17	1.26	1.36
Net Block/Capital Employed	0.64	0.64	0.68	0.68	0.63
Working Capital/Capital Employed	0.22	0.23	0.24	0.24	0.22

STATEMENT OF PROFIT & LOSS RATIOS	2012-13	2013-14	2014-15	2015-16#	2016-17#
Domestic Sales/Turnover	93.98	94.45	92.56	92.74	93.18
Export Sales/Turnover	6.02	5.55	7.44	7.26	6.82
Excise/Turnover	8.49	8.09	7.92	7.86	7.58
MARGINS (%)					
EBITDA Margin (Net Sales)	17.04	15.79	18.95	17.71	14.38
EBIT Margin (Net Sales)	11.55	9.63	12.40	11.70	8.96
Pre Tax Profit Margin @	7.42	5.68	8.36	9.55	7.32
PAT Margin	6.39	3.27	5.72	6.10	5.04
EXPENSES					
Goods Purchase for Resale/Total Expenses	17.14	19.52	21.65	24.78	24.61
Power & Fuel/Total Expenses	30.17	25.49	18.48	14.21	13.74
Manufacturing, Administrative and Other Expenses/Total Expenses	40.64	43.49	46.86	45.89	45.62
Employee Cost/Total Expenses	12.05	11.51	13.00	15.12	16.03
Interest Cover (times)	4.13	3.99	4.69	8.22	8.81
Cost of Debt (%)	7.31	6.67	7.97	5.84	4.83
PER SHARE DATA (₹)					
EPS (Face Value ₹2/-)	15.01	8.51	15.70	16.08	14.25
CEPS (Face Value ₹2/-)	33.38	24.34	32.38	36.36	29.27
Book Value (₹)	100.91	105.80	140.12	149.83	159.61

@ Before exceptional items

Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. Return on networth and return on average capital employed of these years are computed on the basis of figures as per Ind AS. Further these figure are including the figures of demerged undertaking of subsidiary Hindware Home Retail Private Limited. Hence these numbers are not comparable with previous years.

Human resources

The unwavering commitment of our manpower towards sustaining business growth has allowed the Company to retain its market leader status. HSIL has incorporated HR practices that are at par with the best in the world. These policies and guidelines are revisited and revised keeping in mind the altering needs and aspirations of our workforce.

Recruitment: The Company hires from top institutions across Tier-I and II cities and puts the new recruits through a 60-day training module called Saksham. Thereafter, they are enrolled into the on-field sales team. The Company on-boarded talent from leading management schools at the mid-management level during FY2016-17 to support its aggressive growth plan.

Development centres: To assess the skill and expertise of the employees, the Company undertakes a routine competence-mapping exercise in collaboration with independent consultants. These exercises are carried out at specially-designated competence development centres over a span of two days and help create development plans for individual employees. During FY2016-17, 70+ employees were covered under this programme. The scope of this programme would be extended to include the entire organisation during FY2017-18.

Capability building: The Company has created a comprehensive training calendar with a goal to enhance the skill and expertise of every team member. These customised training modules comprise technical and behavioral skill enhancement exercises and are conducted by external and internal trainers. During FY2016-17, the Company strategically equipped its senior leadership team with new skills and partnered leading training and management agencies to create business intervention solutions.

Motivation: The management consciously fosters an environment of openness which allows every team member to communicate ideas and issues with the management. The Company aims to instill a spirit of entrepreneurship among employees and encourages them to take decisions on their own as much as possible. The Company promotes the cross-functional movement of team members to enhance their skill matrices.

Interaction: Every year, Town Hall meets are organised where the senior management shares its vision and organisation goals with the team members. These interactions between team members and senior management are informative and trust-building and bolster employee retention. The Company's workforce strength stood at over 3800 as of March 31, 2017.

Internal control systems and their adequacy

The Company's internal control system is aimed at proper utilisation and safeguarding of the Company's resources and promoting operational efficiency. The internal audit process reviews the in-system checks, covering significant operational areas regularly. The Company's Audit Committee is responsible for reviewing the Audit Report submitted by the Internal Auditors. Suggestions for improvements are considered and the Audit Committee follows up on the implementation of corrective actions. The Audit Committee also invites the Statutory and Internal Auditors for regular meetings to ascertain their views on the adequacy of internal control systems and keeps the Board of Directors informed of its observations from time to time.

RISK MANAGEMENT

Risk	Slowed economic growth can impact sales
Mitigation	The Indian economy has grown at a rapid pace during the past couple of years. Farsighted governmental initiatives have led to a steady rise in disposable incomes, expansion of middle-class and increased urbanisation. It is on the back of these macroeconomic realities that HSIL is confident of holding on to its market leadership. Our products are available across the price spectrum, which allows us to cater to a wide range of customers and build a strong foundation to withstand any downturns in the economic growth cycle.

Risk	An inability to address short-term financing needs can adversely affect the growth prospects of the Company
Mitigation	Repayment of substantial amounts of debt has boosted HSIL's liquidity and lowered working capital costs. By optimising its receivables & inventory cycles and extending its payable cycle the Company plans to optimise its working capital requirements in the years ahead.

Risk	Inadequate funds may impact the daily operations of the Company
Mitigation	Sound corporate practices and timely funding negotiations have ensured that HSIL has access to adequate operating capital. Enduring lender relationships and a high credit profile have ensured that funds are readily available to the Company at competitive costs. Calculated steps are taken to reduce the cost of long-term debt and increase the maturity of proposed debts. The result: the Company enjoys a superior credit rating of [AA-].

Risk	Sluggish growth in the real estate sector could affect the profitability of the Company
Mitigation	Decisive initiatives undertaken by the Central Government like Housing for All by 2022, Affordable Housing Scheme, RBI led reduction in home loan lending rates and the growing flow of FDI into Indian real estate sector are expected to stimulate construction and renovation, increasing the demand for the Company's products. Moreover, with around 75 % of HSIL's clients, in the building products division, comprising retail clients and the rest being institutional, the Company isn't overly dependent on any specific segment.

Risk	An inability to judge customer preferences could affect market share
Mitigation	Product Innovation is one of the major focus areas of HSIL. The Company is constantly coming up with new and innovative designs, in line with emerging customer preferences. Besides HSIL's huge product range at varied price levels enables it to reach out to more customers and drive market penetration consistently. Extensive market research aids in exploring new horizons in product & services, in line with customer aspirations. Case in point: the building products division introduced 19 new ranges in sanitaryware and 7 new ranges in faucets during the fiscal, which received an immediately enthusiastic response in the marketplace.

Risk	Intense competition can lead to a loss of market share, sales and profits
Mitigation	The Company's brand equity and a high product recall have given it an edge over competitors. Besides, HSIL's products are available across a range of prices to connect with a wider customer base. Strategic marketing activities have allowed HSIL to reach more customers and satisfy them with dedicated after-sales services.

Risk	Qualitative inconsistencies can affect the reputation of the Company
Mitigation	HSIL adheres to strict quality control protocols which are at par with the best in the world. The Company's plants are also accredited with ISO: 9001, ISO: 14001 and OHSAS: 18001 certifications. Adequate quality checks are undertaken to assess qualitative excellence and entire batches have been rejected in case of non-conformation. HSIL also maintains strict quality controls over suppliers of its traded products keeping in line with the quality standards of the company's own manufacturing. Case in point: HSIL has 29 water closets and 20 faucets that are star-rated with WEP - I by IAMPO for water-saving features.

Risk	A fast product churn can saddle the Company with inventory
Mitigation	With a focused inventory management module, there is proper mapping of Stock Keeping Units (SKUs) phasing-in and phasing-out. We remain cautious while planning the SKUs which can be liquidated in due course, and also the exhaustive analytics helps in planning replacement of SKUs with timely launch so as not to impact revenue generation.

Risk	An inability to comply with sectoral benchmarks and stringent norms can adversely affect the Company
Mitigation	HSIL always keeps a close watch on changing government norms with respect to environmental policies and quality benchmarks. Equipped R & D (recognised by Department of Science and Technology, Government of India) & quality set-up is competent enough to face and mitigate challenges faced.

Risk	The arrival of deep-pocketed global players can upset the sectoral equilibrium
Mitigation	HSIL's legacy, world-class quality products, vast distribution and service network and customer trust give it an edge to compete against foreign entrants. Fast network expansion and an extensive engagement program to build a sound and loyal customer base have helped the Company in facing challenges from multinational players.

Risk	A deceleration in the end-product segments can impact sales
Mitigation	With India's economic growth expected to remain robust, the sectors that packaging products division caters to (organised retail, alcoholic beverages, chemicals and pharmaceuticals) are expected to grow correspondingly. Moreover, a keen emphasis on health and hygiene could increase the use of packaged products. Any long-term impact on sales due to a market slowdown is not anticipated.

Risk	Rising costs can have an adverse effect on the operating margins
Mitigation	The Company consistently makes efforts to reduce costs and increase productivity. These include the use of alternative fuels, debottlenecking of production lines and capacity augmentation. The fact that HSIL is the only company in the nation that produces speciality coloured bottles has helped improve realisations.

Risk	Rise in the demand of plastic packaging products could affect prospects of glass containers business
Mitigation	An increased emphasis on eco-friendliness is expected to drive the growth of glass as a packaging material. Its inert nature, aesthetic appeal and cleanliness are expected to serve it in good stead. HSIL has also forayed into the lightweight glass containers segment to reduce logistical costs. Our presence in the PET bottles segment will help us capture market share in that segment.

Risk	An excessive dependence on a few clients can affect sales
Mitigation	HSIL's has a widespread and loyal customer base across different industries. HSIL has always focused on building long-term and fruitful associations with clients across industries. Case in point: In FY2016-17, not more than 20 % revenues of the Packaging division were derived from a single client and 17 new clients were added to the customer base (glass container segment) by the division.

Cautionary statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document, due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement strategies it devises for the future. The Company does not undertake to update these statements.

DIRECTORS' REPORT

Dear members,

Your Directors are pleased to present the Fifty Seventh Annual Report and the Company's audited financial statement for the financial year ended 31 March 2017.

FINANCIAL RESULTS

The Company's standalone financial performance, for the year ended 31 March 2017 is summarized below:

(₹ in Lakh)

Particulars	2016-17	2015-16
Revenue from Operations	2,22,990	2,10,909
Add: Other Income	455	1,434
Total Income	**2,23,445**	**2,12,343**
Profit before tax	**14,965**	**18,195**
Less: Tax expenses	4,664	6,567
Profit after tax (i)	**10,301**	**11,628**
Other Comprehensive Income (net of tax)	254	(2)
Total Comprehensive Income	**10,555**	**11,626**
Add: balance brought forward (ii)	44,667	36,084
Amount available for appropriation [(i) + (ii)]	**54,968**	**47,712**
APPROPRIATIONS :		
Dividend paid on equity shares	2,892	2,530
Tax on Dividend paid	589	515
Balance carried forward	**51,487**	**44,667**

(Figures have been rounded off)

OPERATIONAL REVIEW

Your Company reported consistent performance during FY2016-17 to maintain leadership position across key business segments and continued its upward trajectory in new avenues of business, namely Consumer Products. Your company's sales grew by 6.97% to reach ₹2,19,803 lakh in FY2016-17, compared with ₹2,05,490 lakh in FY2015-16. Due to challenging business environment on account of demonetization exercise and slowdown in demand from end users of packaging products division, increased expenditure on fostering growth of consumer products division and increased pressure on margins from rise in power & fuel and other expenses, the company's EBITDA declined 12.91% to ₹29,385 lakh in FY2016-17 from ₹33,743 lakh in the previous year.

BUILDING PRODUCTS DIVISION

The BPD revenue went up by 7.98% to touch ₹1,03,765 lakh in FY2016-17, as against ₹96,096 lakh in FY2015-16. EBIT before unallocable expenditure declined by 3.36%.

The division's highlights during FY2016-17 spanned a series of innovative developments, including:

- launched a new rimless water closet in seven different designs
- launched seven new ranges of faucets
- added new dealers in clusters, which saw increased consumerism, both in tier 1 and tier 2 towns
- increased brand shoppe footprint by establishing around 200+ brand stores
- introduced "Dream Bath" Mobile App to enhance customer experience and convenience

PACKAGING PRODUCTS DIVISION

The PPD revenue reduced by 2.83% to ₹96,906 lakh in FY2016-17, as against ₹99,727 lakh in FY2015-16. EBIT before unallocable expenditure declined by 20.48%.

The division reported improved operational performance at the back of various initiatives:

- introduced 55 new designs and 35 lightweight glass containers during the year under review.
- invested in a dedicated line for coloured bottles.
- expanded PET bottles portfolio with 10 new products and 12 variants.
- investments in additional capability in new polymers and processes to create new business opportunities in Rigid Plastic Packaging across Food, Pharma and FMCG sectors.

CONSUMER PRODUCTS DIVISION

The CPD revenue grew by 124.31% to ₹12,770 lakh in FY2016-17, from ₹5,693 lakh in FY2015-16. EBIT level loss before unallocable expenditure increased by 47.99%.

The division reported excellent operational performance at the back of various initiatives:

- introduced superior and aesthetically designed variants in existing product categories (42 kitchen appliances, 29 water heaters, 5 water purifiers)
- entered the water purifier space with an innovative product with unique Hexapure technology.
- enhanced brand visibility with new campaigns like Moonbow's 'Ab India Peeyega Achcha' for water purifiers.
- Added 1,500+ retailers during the year.
- Leveraged e-tailing sites such as Amazon India, Flipkart, Pepperfry, Paytm to name a few to market its flagship products to enhance customer convenience.
- launched air coolers with changeable front panels [first time in India] to match the decor of the consumers living room/bedroom.

RETAIL BUSINESS

Revenue of Retail business grew by 2.65% to ₹9,583 lakh in FY2016-17, from ₹9,336 lakh in FY2015-16. EBIT level loss before unallocable expenditure reduced by 9.25%.

The division reported improved operational performance at the back of various initiatives:

- uniquely positioned itself to offer largest range of solid wood furniture
- enriched its assortment in Non-Solid wood domain
- presence across the country through 14 large format retails stores with an average size of 8000 sqft.
- Leveraged e-tailing sites such as Amazon India, Flipkart, Pepperfry, Urbanladder, Snapdeal to name a few to market its entire range of products

SCEHEME OF ARRANGEMENT

During the year under review, the Board of Directors in their meeting held on 10 August 2016 had approved the Composite Scheme of Arrangement under Sections 391 to 394 read with Sections 100-104 of the Companies Act, 1956 and/or applicable Sections of the Companies Act, 2013 between Hindware Home Retail Private Limited (the transferor) (wholly owned subsidiary) and the Company (the transferee) and their respective shareholders and creditors. The said scheme was approved by National Stock Exchange of India Ltd. and BSE Ltd. on 13 October 2016 and 14 October 2016 respectively and thereafter the Company has received an order dated 7 April 2017 (made over to the Company on 5 May 2017) from National Company Law Tribunal, Kolkata Bench, approving the said scheme. In accordance with the said order, the retail business of Hindware Home Retail Private Limited has been demerged into the Company with effect from 1 April 2015 (Appointed Date).

No material changes and commitments affecting the financial position of the Company occurred between the end of financial year of the Company to which the financial statements relate and the date of this Report except that the effect of the scheme has been given in the Financial Statements (standalone and consolidated) of the Company w.e.f. the appointed date.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has no material subsidiary in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review QUEO Bathroom Innovations Limited was incorporated on 7 November 2016 in England as a step down subsidiary of HAAS International BV.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report.

Further, a statement containing the salient features of the financial statements of our subsidiaries in the prescribed format AOC-1 forms part of the consolidated financial statements and hence not repeated here for the sake of brevity.

The statements provide the details of performance, financial positions of each of the subsidiaries.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statement, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on Company's website http://www.hindwarehomes.com. These documents will also be available for inspection at our registered office in Kolkata on any working day between 3:00 p.m. and 5:00 p.m. till the date of AGM.

The Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link: http://www.hindwarehomes.com/pdf/material-subsidiary-policy-version-ii.pdf.

DIVIDEND

Your Directors have recommended a dividend of ₹4/- (i.e. 200%) per equity share (last year ₹4/- (i.e. 200%) per equity share) on equity shares of ₹2/- each for the financial year ended 31 March 2017, amounting to ₹3,481 lakh (inclusive of Dividend Distribution Tax ₹589 lakh). The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The dividend will be paid to members whose names appear in the Register of Members as on 22 July 2017 and in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on 21 July 2017.

TRANSFER TO RESERVES

The Board proposes not to transfer any amount out of the profit for the year under review to the general reserve.

DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and as such no amount of principal or interest was outstanding as on the Balance Sheet date.

AUDITORS AND AUDITORS' REPORTS

STATUTORY AUDITORS

M/s Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditors of the Company, having Firm's Registration No. 001076N/N500013 hold office till the conclusion of the ensuing Annual General Meeting. The term of M/s Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditors as per the provisions of Section 139 and the Companies (Audit and Auditors) Rules, 2014 of the Companies Act, 2013 will expire on conclusion of the ensuing Annual General Meeting of the Company. In this view Company has approached M/s Lodha & Co., Chartered Accountants having firm Registration No. 301051E, and has obtained written confirmation from them, confirming that they are eligible for appointment as Auditors of the Company under Section 139 of the Companies Act, 2013 and meet the criteria for appointment specified under Section 141 of the Companies Act, 2013.

The Audit Committee and the Board of Directors recommend appointment of M/s Lodha & Co., Chartered Accountants, having Firm's Registration No. 301051E as the Company's Statutory Auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of the 62nd Annual General Meeting of the Company for approval of Shareholders at the ensuing Annual General Meeting of the Company, subject to ratification by members at every Annual General Meeting .

The Notes on Financial Statement referred to in the Auditors' report are self-explanatory and therefore do not require any further comments.

SECRETARIAL AUDITOR

The Board had appointed M/s DMK Associates, Company Secretaries, New Delhi, (Ms. Monika Kohli, Practicing Company Secretary CP No. 4936) to conduct Secretarial Audit for the financial year 2016-17, pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report in Form MR – 3 for the financial year 2016-17 is enclosed as Annexure A to this Report. The Secretarial Audit Report does not contain any observation or adverse remark.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed in sub section (3)(m) of Section 134 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 are enclosed as Annexure B to this Report.

SHARE CAPITAL

During the year under review, the Company did not issue equity shares. The paid-up Equity Share Capital as on 31 March 2017 was ₹1,445.97 lakh.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, the extract of the Annual Return in Form No. MGT – 9 is enclosed as Annexure C to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 (2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors in terms of Section 134(3)(c) of the Companies Act, 2013 state that:

a) in the preparation of the annual accounts for the year ended 31 March 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, had been followed and there are no material departures from the same;

b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2017 and of the profit of the Company for the year ended on that date;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the annual accounts on a 'going concern' basis;

e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The disclosure in Form AOC-2 is enclosed as Annexure D to this report. During the year, the Company has not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http://www.hindwarehomes.com/pdf/related-party-transaction-policy-version-ii-new.pdf

Your Directors draw attention of the members to Note 53 to the financial statements which set out related party disclosures.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has a Corporate Social Responsibility

Committee in place as per the provisions of Section 135 of the Companies Act, 2013, comprising of Mr. Salil Bhandari, Chairman, Dr. Rajendra Kumar Somany and Mr. Sandip Somany as other members of the Committee.

The Company's Corporate Social Responsibility Policy (CSR Policy) duly approved by the Board, indicates the activities to be undertaken by the Company to fulfil the expectation of our Stakeholders and to continuously improve our social, environmental and economic performance while ensuring sustainability and operational success of our Company. The Company would also undertake other need based initiatives in compliance with Schedule VII to the Companies Act, 2013.

The guiding principles for all CSR initiatives of the Company are as follows:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects;
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting; and
- Creating opportunities for employees to participate in socially responsible initiatives.

The CSR Policy may be accessed on the Company's website at the link: http://www.hindwarehomes.com/pdf/csr_policy_hsil.pdf.

The Annual Report on CSR Activities for the financial year 2016-17 is enclosed as Annexure E to this Report.

NUMBER OF BOARD MEETINGS

During the year under review, four Board Meetings were convened and held. For further details, please refer Report on Corporate Governance which is forming part of this Annual Report.

AUDIT COMMITTEE

The Audit Committee comprises of Independent Directors namely Mr. V.K. Bhandari (Chairman), Mr. Salil Bhandari, Mr. N.G. Khaitan and Mr. Ashok Jaipuria. For further details, please refer Report on Corporate Governance which is forming part of this Annual Report.

All the recommendations made by the Audit Committee were accepted by the Board.

VIGIL MECHANISM (WHISTLE BLOWER)

The Company has in place a Whistle Blower Policy to establish a vigil mechanism for Directors/Employees and other stakeholders of the Company to report concerns affecting the smooth and efficient running of operations of the Company. This Policy documents the Company's commitment to maintain an open work environment in which employees, consultants and contractors are able to report instances of unethical or undesirable conduct, actual/suspected fraud or violation of the Company's Code of Conduct.

The Vigil Mechanism (Whistle Blower) Policy is available on Company's website at the link: http://www.hindwarehomes.com/pdf/vigil-mechanism-(whistle-blower)-version-ii.pdf

REMUNERATION POLICY

On the recommendation of the Nomination and Remuneration Committee, the Board has formulated Remuneration Policy for appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration.

The Remuneration Policy of the Company is enclosed as Annexure F to this Report.

DIVIDEND DISTRIBUTION POLICY

As per Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 500 listed Companies shall formulate a dividend distribution policy. Accordingly, the policy was adopted to set out the parameters that will be taken into account by the Board in determining the distribution of dividend to its shareholders and /or retaining profit earned by the Company. The Policy is available on Company's website at the link: http://www.hindwarehomes.com/pdf/Dividend-Distribution-Policy.pdf.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 forms part of the notes to the Financial Statements (Please refer Note Nos. 8, 9, 14, 18 and 60).

PARTICULARS OF EMPLOYEES

Information required as per Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure G to this Report.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is provided in the Annual Report, which forms part of this Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company at Kolkata, on any working day between 3.00 p.m. to 5.00 p.m. till the date of AGM and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

INTERNAL CONTROLS

The organization is committed to ensuring an effective internal control environment that provides, inter alia, an assurance on the orderly and efficient conduct of operations, security of assets, prevention and detection of frauds and errors, accurate and timely completion of accounting records and timely preparation of reliable financial information. Internal control systems have accordingly been designed to reflect its necessary compliance to the principle of governance where the freedom of operations and their management is exercised within a framework of appropriate checks and balances.

The Audit Committee of the Board of Directors, comprising of Independent Directors, reviews the effectiveness of the internal control system across the Company including annual plan, significant audit findings, adequacy of internal controls and compliance with accounting policies and regulations. The Company's internal control system is monitored by Independent consultants and supplemented by in-house Internal Audit Division.

INTERNAL FINANCIAL CONTROLS

In line with best practices applicable to organizations of a similar size, nature and complexity, the Company's internal control framework has been designed through structured control risk assessments by way of Standard Operating Procedures (SOPs), Risk and Control Matrices (RACM), Policies, including MIS. The defined and adequate Internal Financial Controls are tested from time to time for necessary improvement, if any.

RISK MANAGEMENT

The Company has adopted a Risk Management Policy which establishes various levels of accountability and overview within the Company.

The Company has been taking necessary steps to mitigate foreseeable business risks. Business risk evaluation and management is an ongoing and continuous process within the Company and regularly updated to the Audit Committee.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Sexual Harassment Policy in compliance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Internal Complaints Committee (ICC) has been set up to redress complaints regarding sexual harassment, if any.

The Directors further state that during the year under review, there were no complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, the shareholders in their meeting held on 7 September 2016 have approved the re-appointment of Mr. Sandip Somany and re-designated him as Vice Chairman and Managing Director of the Company with effect from 1 December 2016.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. G. L. Sultania, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment.

The present term of Dr. Rajendra Kumar Somany as Chairman and Managing Director of the Company will expire by efflux of time on 8 January 2018. The Board is seeking shareholder's approval at ensuing Annual General Meeting for re-appointment of Dr. Rajendra Kumar Somany, as Chairman and Managing Director of the Company for a further period of three consecutive years, commencing from 9 January 2018 upto 8 January 2021. Profile of Dr. Rajendra Kumar Somany is given in the Statement under Section 102 of the Companies Act, 2013 to the Notice of the 57th Annual General Meeting of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD EVALUATION

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual

Directors on the basis of the criteria and framework adopted by the Board. In addition, the performance of Board as a whole and committees were evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of Board as a whole and performance of the Chairman was evaluated, taking into account the views of the Executive Directors and Non-Executive Directors. The evaluation process has been explained in the Corporate Governance Report section of the Annual Report.

None of the Independent Directors is due for retirement and/or re-appointment at the ensuing AGM of the Company.

TRAINING OF INDEPENDENT DIRECTORS

The details of programmes conducted for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates, business model of the Company etc. has been uploaded on the Company's website at the web link : http://www.hindwarehomes.com/training_of_directors.aspx.

For further details, please refer Report on Corporate Governance which is forming part of this Annual Report.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. Issue of Employees Stock Option to employees of the Company under any scheme.
5. Neither the Managing Directors nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
6. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future except Hon'ble National Green Tribunal has issued an order dated 14 March 2017 for revocation of consent to operate and direction for closure of our Kaharani Faucets unit situated in the district Alwar in the State of Rajasthan, under Section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974 and Section 21/22 of the Air(Prevention and Control of Pollution) Act, 1981.

   It is endeavor of the Company to comply with all applicable laws including Environment Laws and has installed prescribed equipment for effluent and sewerage treatment at Kaharani manufacturing unit and that unit is a zero water discharge unit. Accordingly, the Company has complied with the prescribed law and disagrees with the contentions of the Rajasthan State Pollution Control Board and has initiated necessary legal recourse against the order of Rajasthan State Pollution Control Board and expecting favourable response against the same.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by all employees of the Company.

For and on behalf of the Board of Directors

Place: Gurugram
Date: 18 May 2017

Dr. Rajendra Kumar Somany
Chairman and Managing Director

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 March 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
M/s HSIL LIMITED
CIN L51433WB1960PLC024539
2, Red Cross Place
Kolkata, West Bengal 700001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HSIL Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2017 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter along with Annexure 1 attached to this report:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not applicable to the Company during the Audit Period)

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment(FDI), Overseas Direct Investment(ODI) and External Commercial Borrowings (ECB); (No FDI was taken by the Company during the Audit Period)

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period)

e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the Audit Period)

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period)

g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the Audit Period)

h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period) and

i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (Not applicable to the Company during the Audit Period)

(vi) OTHER LAWS SPECIFICALLY APPLICABLE TO THE COMPANY AS IDENTIFIED BY THE MANAGEMENT

i. The Factories Act, 1948 and rules made thereunder,

ii. The Payment of Wages Act, 1936 and rules made thereunder,

iii. Minimum Wages Act, 1948 and the rules made thereunder,

iv. Employees' State Insurance Act, 1948 and rules made thereunder,

v. The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the rules made thereunder,

vi. Payment of Bonus Act, 1965 and rules made thereunder,

vii. The Payment of Gratuity Act, 1972 and rules made thereunder,

viii. The Contract Labour (Regulation and Abolition) Act, 1970 and rules made thereunder,

ix. The Apprentice Act, 1961,

x. The Industrial Dispute Act, 1947 and rules made thereunder,

xi. The Equal Remuneration Act, 1976 and rules made thereunder,

xii. Trade Union Act, 1926 and rules made thereunder,

xiii. The Employees Compensation Act, 1923 and rules made thereunder,

xiv. Maternity Benefit Act, 1961 and rules made thereunder,

xv. The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder,

xvi. The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder,

xvii. Hazardous and other Waste (Management and Transboundary Movement) Rules, 2016,

xviii. Legal Metrology Act, 2009, and rules made thereunder,

xix. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder,

xx. Personal Injuries (Compensation Insurance) Act, 1963,

xxi. Custom Act, 1962,

xxii. Petroleum Act, 1934 & rules framed thereunder,

xxiii. Industrial Employment (Standing Orders) 1946,

xxiv. Environment Protection Act, 1986,

xxv. Punjab Industrial Establishment (National, Festival, Casual and Sick Leave) Rules, 1968,

xxvi. Punjab Labour Welfare Fund, 1965,

xxvii. Andhra Pradesh Labour Welfare Fund Act, 1987,

xxviii. Employers Liability Act, 1938,

xxix. Indian Contract Act, 1872,

xxx. Income Tax Act, 1961 and Indirect Tax Laws,

xxxi. Indian Stamp Act, 1999,

xxxii. Negotiable Instruments Act, 1881,

xxxiii. Maharashtra Shops & Establishment Act, 1948,

xxxiv. Gujarat Shops & Establishment Act, 1948

xxxv. Delhi Shops & Establishment Act, 1954,

xxxvi. Karnataka Shops & Commercial Establishment Act, 1961,

xxxvii. Kerala Shops & Commercial Establishment Act, 1960,

xxxviii. West Bengal Shops & Establishment Act, 1963,

xxxix. Punjab Shops & Commercial Establishment Act, 1958, and

xl. Tamilnadu Shops & Establishment Act, 1947

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.

(ii) The Security and Exchanges Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines to the extent applicable, Standards, etc. as mentioned above subject to the following observations:

(a) The Company has received a notice from Hon'ble National Green Tribunal dated 14.03.2017 for closure of Company's unit situated at HSIL Limited, Plot No. SPI-254, RIICO Industrial Area, Kaharani (Bhiwadi), Rajasthan with immediate effect due to failure to maintain prescribed standards for effluent treatment under Environment Protection Act, 1986. The Company had filed application no. 310 on 16.03.2017 against the said notice with National Green Tribunal and now the matter is sub-judice.

Based on the information received and records maintained, we further report that

1. The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive, Women and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

2. Adequate notice of at least seven days was given to all directors to schedule the Board Meetings along with agenda and detailed notes on agenda and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

3. Majority decision is carried through and recorded in the minutes of the meetings. Further as informed, no dissent was given by any director in respect of resolutions passed in the board and committee meetings.

Based on the compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by Chief Executive Officer and Chief Financial Officer of the Company and taken on record by the Board of Directors at their meeting(s), we further report that;

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has not incurred any specific event / action that can have major bearing on the company's affairs in pursuance of above referred laws, rules, regulations, guidelines, standards etc. except as follows:

a) Special Resolution under Section 180(1)(c) of the Companies Act, 2013 was passed by the members on 06.07.2016 through postal ballot for increase in borrowing power of the Board of Directors from time to time not exceeding ₹2000 crore.

b) Special Resolution under Section 42 & 71 of the Companies Act, 2013 was passed by the members on 06.07.2016 through postal ballot to create, offer, issue, & allot from time to time, but within one year from the date of passing the resolution, redeemable, non-convertible debentures on private placement basis for an amount not exceeding ₹500 Crore including premium, within the overall limits of borrowings approved by members.

c) Special Resolution under Section 14 of the Companies Act, 2013 was passed by the members at its Annual General Meeting dated 07.09.2016 for adoption of new set of Articles of Association of the Company to align the same with Companies Act, 2013.

d) The composite Scheme of Arrangement between Hindware Home Retail Private Limited (transferor) and HSIL Limited (transferee) and their respective shareholders and creditors of the Company, for transfer of the retail business (hereinafter referred to as "Demerged Undertaking") of the Transferor Company into the Transferee Company, on-going concern basis, has been approved by the National Company Law Tribunal, Kolkata Bench, the certified copy of which was received by the Company on 05.05.2017 and the said order was filed by the Company with the Registrar of Companies, West Bengal in Form INC-28 on 16.05.2017.

For DMK Associates
Company Secretaries

(MONIKA KOHLI)
FCS, LL.B.
PARTNER
FCS No. 5480
CP No. 4936

ANNEXURE 1

To,
The Members,
M/s HSIL LIMITED
CIN L51433WB1960PLC024539
2, Red Cross Place
Kolkata , West Bengal 700001

Sub: Our Secretarial Audit for the Financial Year ended 31 March 2017 of even date is to be read along with this letter

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For DMK Associates
Company Secretaries

(MONIKA KOHLI)
FCS, LL.B.
PARTNER
FCS 5480
C P 4936

Date : 17 May 2017
Place: New Delhi

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Conservation of Energy

(i) The steps taken or impact on conservation of energy

The Company has been continuously making efforts to optimise energy consumption. The Company has been choosing the most energy efficient equipments. Towards this, energy consumption is closely monitored and controlled. The Company is continuously making efforts to reduce wastage in all its operations.

Energy constitutes a major part of cost and therefore we always focus on the areas of potential energy saving in the plants and offices. Being an ISO 14001 certified company, we are committed to minimise the use of natural resources. We acquire knowledge from various sources about the technology upgradation/innovations in manufacturing processes and choose and install the most energy efficient equipments to ensure optimum use of energy.

a) Building Products Division (Sanitaryware and Faucets)

As hydrocarbon fuel is one of the important natural resource used in the ceramic manufacturing process, we keep strict monitoring on the fuel consuming equipments, establish and follow proper PPM schedules. During the year, for effective monitoring of the plant electricity consumption and reducing the line losses, renovation of LT House and replacement of old transformers with the new OLTC type transformer has been done at Bahadurgarh Sanitaryware Plant.

b) Packaging Products Division (Glass and Plastic Products)

Key initiatives taken are as under:

- Daily monitoring of energy consumptions at all locations.
- Installation of capacitors bank for power factor improvement.
- Installation of LED light in place of HPSV lamp.
- Waste control by closely monitoring of process and stoppages.
- Installation of high speed blowers in place of low speed blowers.
- Installation of Heatless Vaporiser in place of electrical vaporiser.

(ii) The steps taken by the Company for utilising alternate sources of energy

a) Building Products Division (Sanitaryware and Faucets)

Installation of solar power plants at Bahadurgarh Sanitaryware Plant (Plant 1) and Bibinagar Sanitaryware Plant (Plant 2), having capacity of 204 KWp and 500 KWp respectively.

b) Packaging Products Division

NIL

(iii) The capital investment on energy conservation equipments

Sl. No.	Capital Equipment	Capital investments on energy conservation equipments (₹ in Lakh)	Energy saving / annum (units in KWH)	Financial Saving (₹ in Lakh)
(a)	**Building Products Division**			
	Sanitaryware: Bahadurgarh Plant (Plant 1)			
1	Installation of new LED tube lights in place of conventional lights	2.49	70810	5.66
2	Replacement of existing old exhaust fans with energy efficient fans in cast shop	1.6	65262	5.22
3	Process change for transfer of water from main water storage tank – transfer by gravity in place of pumping	Nil	50510	4.04

Sl. No.	Capital Equipment	Capital investments on energy conservation equipments (₹ in Lakh)	Energy saving / annum (units in KWH)	Financial Saving (₹ in Lakh)
4	Replacement of old ceiling fans with new energy efficient fans	9.96	139853	11.17
	Sanitaryware: Bibinagar Plant (Plant 2)			
1	Battery Operated Forklift	9.48	NA*	2.27
2	Replacement of old ceiling fans with new energy efficient fans	5.47	24679	1.84
3	Lighting Power Saving by semi automation	0.50	20049	1.34
	Faucets: Kahrani Plant (Plant 3)			
1	New Software for optimizing the cutting tool operation time	5.75	46464	3.48
2	Compressors with VFD	20.00	128000	9.60

*Fuel was saved by installation of this equipment.

(B) Technology Absorption

(i) The efforts made towards technology absorption

The Company has been making efforts to absorb the latest technology developments and has taken following steps:

a) Building Products Division

- Concerned personnel are deputed to relevant seminars, workshops and trainings for the upgradation of their knowledge and skills.
- In house technical training and retraining is carried out from time to time.
- Visits are arranged for the concerned persons to plants in other countries having advanced systems, equipments and skills, to import the relevant technology and look into the possibilities of developing these indigenously to have easy availability and to save cost and time.

b) Packaging Products Division

- Continuous in house technical training.
- Deputing concerned personnel to relevant seminars, symposiums and workshop to upgrade skill and knowledge.
- The company has continued its contract with the technology partner which enables the company to access state of the art technology.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution

a) Building Products Division

- Achieving better productivity, rejections minimization, improvement in quality and design.
- Conservation of energy in terms of fuel and electricity.

b) Packaging Products Division

- 55 new products developed.
- Weight reduction and speed improvement of the existing products.
- Indigenisation of the various mechanism and parts for import substitution.

(iii) In case of imported technology (imported during last three years reckoned from the beginning of the financial year)

Details of Technology imported	Technology Import from	Year of Import	Status of implementation/ absorption, in case fully absorbed	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof
A. Building Products Division (Sanitaryware Plant 1 & 2)				
Replacement of old reciprocating type compressors with new screw type energy efficient compressor with variable speed drive	Atlas Copco Belgium	2015	Fully Absorbed	-
Incorporating one additional compressor with new screw type energy efficient technology with variable speed drive	Atlas Copco Belgium	2016	Fully Absorbed	-
Installation of Hydro Pneumatic System for water supply	Grundfos Denmark	2016	Fully Absorbed	-
B. Building Products Division (Faucets)				
3 D printer (Modelling)	Israel	2014	Fully Absorbed	-
Robotic (Grinding and Polishing)	Italy	2015	Fully Absorbed	-
C. Packaging Products Division (Bhongir Plant)				
PPC for NNPB	Switzerland	2016-17	Fully absorbed	-
Hot End Coating Hood	Italy	2016-17	Fully absorbed	-
Cold End Coating Machine	Germany	2016-17	Fully absorbed	-
Cold End Coating Machine	China	2016-17	Fully absorbed	-
Pick and Placer	Singapore	2015-16	Fully absorbed	-
LWN High Speed Blowers	Germany	2016 -17	Fully absorbed	-
New bottom and side wall inspection machines with high definition cameras	France	2015-16	Fully absorbed	-
D. Packaging Products Division (Hyderabad Plant)				
LPG operated pallet shrinking m/c	China	2015	Fully absorbed	-

(iv) Expenditure incurred on Research and Development

(₹ in Lakh)

Particulars	2016-17	2015-16
Capital Expenditure	2	-
Recurring Expenditure	112	82
Total	114	82
Total R&D expenditure as a % of total building product revenue (incl. consumer product revenue)	0.10%	0.08%

(v) Foreign Exchange Earnings and Outgo

(₹ in Lakh)

Particulars	2016-17	2015-16
Earning in foreign currency	5202	6070
Outgo of foreign currency	30406	31052
- Raw Material, spare part and others	26559	30421
- Capital Equipment	3847	631

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

i	CIN	L51433WB1960PLC024539
ii	Registration Date	8 February 1960
iii	Name of the Company	HSIL Limited
iv	Category/Sub-category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office & Contact details	2 Red Cross Place, Kolkata - 700001, West Bengal Phone +91-033-22487406/7
vi	Whether listed company	Yes
vii	Name, Address & Contact details of the Registrar & Transfer Agent, if any.	Maheshwari Datamatics Private Limited 23, R. N. Mukherjee Road, 5th Floor, Kolkata –700 001 Phone +91-033- 2243 5809/5029 Fax +91-033- 2248 4787 Email: mdpldc@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Sanitaryware	3232	28.00%
2	Faucets	3490	12.80%
3	Glass Containers	3213	40.07%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Hindware Home Retail Private Limited 2, Red Cross Place, Kolkata - 700001, West Bengal	U51109WB2005PTC106307	Subsidiary	100	2(87)
2	Halis International Limited 4th floor, Hennesy Tower, Pope Hennessy Street, Port Louis, Mauritius	N.A	Subsidiary	100	2(87)
3	Alchemy International Cooperatief U.A (a Cooperative with exclusion of liability, incorporated and existing under the laws of Netherlands. The members of the Cooperative are: Halis International Limited with a membership right of 99.99% and HSIL Limited with a membership right of 0.01%) Kabelweg 37, 1014 BA Amsterdam, Netherlands	N.A	Subsidiary of Halis International Limited	100	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
4	Haas International B.V Kabelweg 37, 1014 DA Amsterdam, Netherlands	N.A	Subsidiary of Alchemy International Cooperatief U.A	100	2(87)
5	KS 615 Ltd. (Formerly known as Barwood Products Ltd.) Knights Professional Services Limited, The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW	N.A	Subsidiary of Haas International B.V	100	2(87)
6	QUEO Bathroom Innovations Limited The Plaza, 100 Old Hall Street, Liverpool, U.K.	N.A	Subsidiary of HAAS International B.V	100	2(87)

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No of Shares held at the beginning of the year (As on 01.04.2016)				No of Shares held at the end of the year (As on 31.03.2017)				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	5747719	0	5747719	7.95	5747719	0	5747719	7.95	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	28314530	0	28314530	39.16	29265000	0	29265000	40.48	1.31
e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(1)	34062249	0	34062249	47.11	35012719	0	35012719	48.43	1.31
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	34062249	0	34062249	47.11	35012719	0	35012719	48.43	1.31
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	15953294	0	15953294	22.07	17829480	0	17829480	24.66	2.60
b) Banks/FI	254432	15844	270276	0.37	242904	15844	258748	0.36	(0.02)
c)Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	500	500	0.00	0	500	500	0.00	0.00
g) FIIs	3632633	0	3632633	5.02	1104882	0	1104882	1.53	(3.50)
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No of Shares held at the beginning of the year (As on 01.04.2016)				No of Shares held at the end of the year (As on 31.03.2017)				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Others									
Alternate Investment Funds	204000	0	204000	0.28	211291	0	211291	0.29	0.01
Foreign Portfolio Investors	4167590	0	4167590	5.76	4527662	0	4527662	6.26	0.50
Provident Funds / Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total(B)(1)	24211949	16344	24228293	33.51	23916219	16344	23932563	33.10	(0.41)
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2684118	10763	2694881	3.73	1941613	10763	1952376	2.70	(1.03)
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	8028023	1129683	9157706	12.67	7782399	1097934	8880333	12.28	(0.38)
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	736117	0	736117	1.02	1088886	0	1088886	1.51	0.49
c) Others									
i) Non Resident Indians	875796	10959	886755	1.23	1031400	10959	1042359	1.44	0.22
ii) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
iii) Custodian of Enemy Property	0	0	0	0.00	0	0	0	0.00	0.00
iv) Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
v) Clearing Members	174568	0	174568	0.24	187890	0	187890	0.26	0.02
vi) Trusts	2600	0	2600	0.00	800	0	800	0.00	0.00
vii) Foreign Bodies-D R	0	0	0	0.00	0	0	0	0.00	0.00
viii) Foreign Portfolio Investors	0	0	0	0.00	0	0	0	0.00	0.00
ix) NBFCs registered with RBI	353226	0	353226	0.49	198469	0	198469	0.27	(0.21)
x) Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
xi) Domestic Corporate Unclaimed Shares Account	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total(B)(2)	12854448	1151405	14005853	19.37	12231457	1119656	13351113	18.47	(0.91)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	37066397	1167749	38234146	52.89	36147676	1136000	37283676	51.57	(1.31)
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	71128646	1167749	72296395	100.00	71160395	1136000	72296395	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2016)			No of Shares held at the end of the year (As on 31.03.2017)			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encum-bered to total shares	
1	Dr. Rajendra Kumar Somany	2620114	3.62	-	3080000	4.26	-	0.64
2	Mr. Sandip Somany	1914664	2.65	-	2283563	3.16	-	0.51
3	M/s. Murlidhar Rajendra Kumar (Represented by Dr. Rajendra Kumar Somany and others as Partner)	913120	1.26	-	-	-	-	(1.26)
4	Ms. Divya Somany	146912	0.20	-	146912	0.20	-	-
5	Ms. Sumita Somany	76665	0.11	-	161000	0.22	-	0.12
6	Mr. Shashvat Somany	76244	0.11	-	76244	0.11	-	-
7	Paco Exports Ltd.	20664530	28.58	-	21280000	29.43	-	0.85

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2016)			No of Shares held at the end of the year (As on 31.03.2017)			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encum-bered to total shares	
8	Soma Investments Ltd.	4000000	5.53	-	4235000	5.86	-	0.33
9	New Delhi Industrial Promotors and Investors Ltd.	3650000	5.05	-	3750000	5.19	-	0.14
	Total	34062249	47.11	-	35012719	48.43	-	1.31

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the Year (As on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	DR. RAJENDRA KUMAR SOMANY				
	a) At the beginning of the year	2620114	3.62	2620114	3.62
	b) Date wise increase/decrease in Promoters Share holding during the year				
	24/03/2017 - 459886 Shares Purchase			3080000	4.26
	c) At the end of the year			3080000	4.26
2	MR. SANDIP SOMANY				
	a) At the beginning of the year	1914664	2.65	1914664	2.65
	b) Date wise increase/decrease in Promoters Share holding during the year				
	24/03/2017 - 368899 Shares Purchase			2283563	3.16
	c) At the end of the year			2283563	3.16
3	M/s MURLIDHAR RAJENDRA KUMAR (REPRESENTED BY DR. RAJENDRA KUMAR SOMANY AND OTHERS AS PARTNER)				
	a) At the beginning of the year	913120	1.26	913120	1.26
	b) Date wise increase/decrease in Promoters Share holding during the year				
	24/03/2017 - 913120 Shares Transfer			-	-
	c) At the end of the year			-	-
4	MS. DIVYA SOMANY				
	a) At the beginning of the year	146912	0.20	146912	0.20
	b) Date wise increase/decrease in Promoters Share holding during the year			-	-
	c) At the end of the year			146912	0.20
5	MS. SUMITA SOMANY				
	a) At the beginning of the year	76665	0.11	76665	0.11
	b) Date wise increase/decrease in Promoters Share holding during the year				
	24/03/2017 - 84335 Shares Purchase			161000	0.22
	c) At the end of the year			161000	0.22
6	MR. SHASHVAT SOMANY				
	a) At the beginning of the year	76244	0.11	76244	0.11
	b) Date wise increase/decrease in Promoters Share holding during the year			-	-
	c) At the end of the year			76244	0.11
7	PACO EXPORTS LIMITED				
	a) At the beginning of the year	20664530	28.58	20664530	28.58
	b) Date wise increase/decrease in Promoters Share holding during the year				
	13/07/2016 -182718 Shares Purchase			20847248	28.84
	14/07/2016 -173000 Shares Purchase			21020248	29.08
	15/07/2016 -37819 Shares Purchase			21058067	29.13
	09/12/2016 - 200000 Shares Purchase			21258067	29.40
	12/12/2016 - 21933 Shares Purchase			21280000	29.43
	c) At the end of the year			21280000	29.43

Sl. No.	Particulars	Shareholding at the beginning of the Year (As on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
8	SOMA INVESTMENTS LIMITED				
	a) At the beginning of the year	4000000	5.53	4000000	5.53
	b) Date wise increase/decrease in Promoters Share holding during the year				
	07/12/2016 -163000 Shares Purchase			4163000	5.76
	08/12/2016 - 72000 Shares Purchase			4235000	5.86
	c) At the end of the year			4235000	5.86
9	NEW DELHI INDUSTRIAL PROMOTORS AND INVESTORS LIMITED				
	a) At the beginning of the year	3650000	5.05	3650000	5.05
	b) Date wise increase/decrease in Promoters Share holding during the year				
	16/12/2016 - 100000 Shares Purchase			3750000	5.19
	c) At the end of the year			3750000	5.19

(iv) Shareholding Pattern of Top Ten Shareholders (Other Than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year (As on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE EMERGING LEADE				
a)	At the beginning of the year	1548000	2.14	1548000	2.14
b)	Date wise increase/decrease in Shareholding during the year				
	13/05/2016 - 40000 Shares Transfer			1508000	2.09
	20/05/2016 - 44000 Shares Transfer			1464000	2.03
	03/06/2016 - 14000 Shares Transfer			1450000	2.01
	10/06/2016 - 12790 Shares Transfer			1437210	1.99
	17/06/2016 - 25670 Shares Transfer			1411540	1.95
	30/06/2016 - 43540 Shares Transfer			1368000	1.89
	21/10/2016 - 32056 Shares Transfer			1335944	1.85
	18/11/2016 - 47800 Shares Transfer			1288144	1.78
	25/11/2016 - 58144 Shares Transfer			1230000	1.70
	31/03/2017 - 150000 Shares Transfer			1080000	1.49
c)	At the end of the year			1080000	1.49
2	FAERING CAPITAL INDIA EVOLVING FUND				
a)	At the beginning of the year	750000	1.04	750000	1.04
b)	Date wise increase/decrease in Shareholding during the year			-	-
c)	At the end of the year			750000	1.04
3	HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND				
a)	At the beginning of the year	2221821	3.07	2221821	3.07
b)	Date wise increase/decrease in Shareholding during the year				
	08/04/2016 - 72700 Shares Purchase			2294521	3.17
	06/05/2016 - 20000 Shares Purchase			2314521	3.20
	13/05/2016 - 79723 Shares Purchase			2394244	3.31
	27/05/2016 - 5000 Shares Purchase			2399244	3.32
	08/07/2016 - 30880 Shares Purchase			2430124	3.36
	15/07/2016 - 820 Shares Purchase			2430944	3.36
	05/08/2016 - 31000 Shares Purchase			2461944	3.41
	12/08/2016 - 64100 Shares Purchase			2526044	3.49
	19/08/2016 - 20000 Shares Purchase			2546044	3.52
	26/08/2016 - 167000 Shares Purchase			2713044	3.75
	02/09/2016 - 189000 Shares Purchase			2902044	4.01
	09/09/2016 - 835000 Shares Purchase			3737044	5.17
	23/09/2016 - 125000 Shares Purchase			3862044	5.34
	18/11/2016 - 156000 Shares Purchase			4018044	5.56

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year (As on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
	23/12/2016 - 500000 Shares Purchase			4518044	6.25
	30/12/2016 - 300000 Shares Purchase			4818044	6.66
	06/01/2017 - 70000 Shares Purchase			4888044	6.76
	31/03/2017 - 200000 Shares Purchase			5088044	7.04
c)	At the end of the year			5088044	7.04
4	**RELIANCE CAPITAL TRUSTEE CO LTD-A/C RELIANCE MID & SMALL CAP FUND**				
a)	At the beginning of the year	6045618	8.36	6045618	8.36
b)	Date wise increase/decrease in Shareholding during the year				
	08/04/2016 - 151200 Shares Purchase			6196818	8.57
	22/04/2016 -10000 Shares Purchase			6206818	8.59
	29/04/2016 - 17000 Shares Purchase			6223818	8.61
	27/05/2016 - 40000 Shares Purchase			6263818	8.66
	03/06/2016 - 15000 Shares Purchase			6278818	8.68
	30/06/2016 - 9400 Shares Purchase			6288218	8.70
	22/07/2016 - 15600 Shares Purchase			6303818	8.72
	29/07/2016 - 25000 Shares Purchase			6328818	8.75
	05/08/2016 - 49900 Shares Purchase			6378718	8.82
	12/08/2016 - 17500 Shares Purchase			6396218	8.85
	19/08/2016 - 45000 Shares Purchase			6441218	8.91
	26/08/2016 - 100000 Shares Transfer			6341218	8.77
	02/09/2016 - 100000 Shares Transfer			6241218	8.63
	09/09/2016 - 25000 Shares Purchase			6266218	8.67
	16/09/2016 - 40200 Shares Purchase			6306418	8.72
	23/09/2016 - 45000 Shares Purchase			6351418	8.79
	28/10/2016 - 15000 Shares Purchase			6366418	8.81
	04/11/2016 - 14011 Shares Purchase			6380429	8.83
	11/11/2016 - 46064 Shares Purchase			6426493	8.89
	18/11/2016 - 94800 Shares Purchase			6521293	9.02
	25/11/2016 - 31600 Shares Purchase			6552893	9.06
	02/12/2016 - 40000 Shares Purchase			6592893	9.12
c)	At the end of the year			6592893	9.12
5	**SUNDARAM MUTUAL FUND A/C SUNDARAM INFRASTRUCTURE ADVANTAGE FUND**				
a)	At the beginning of the year	4052309	5.61	4052309	5.61
b)	Date wise increase/decrease in Shareholding during the year				
	05/08/2016 - 28227 Shares Transfer			4024082	5.57
	19/08/2016 - 5467 Shares Transfer			4018615	5.56
	30/12/2016 - 3300 Shares Purchase			4021915	5.56
	27/01/2017 - 4900 Shares Transfer			4017015	5.56
	10/02/2017 - 90000 Shares Transfer			3927015	5.43
	17/02/2017 - 5000 Shares Transfer			3922015	5.42
	24/02/2017 - 2000 Shares Transfer			3920015	5.42
	03/03/2017 - 6400 Shares Transfer			3913615	5.41
	31/03/2017 - 25449 Shares Purchase			3939064	5.45
c)	At the end of the year			3939064	5.45
6	**UTI - CAPITAL PROTECTION ORIENTED SCHEME - SERIES IV - I (1103 DAYS)**				
a)	At the beginning of the year	1123386	1.55	1123386	1.55
b)	Date wise increase/decrease in Shareholding during the year				
	08/04/2016 - 207064 Shares Transfer			916322	1.27
	27/05/2016 - 10416 Shares Transfer			905906	1.25
	15/07/2016 - 43589 Shares Purchase			949495	1.31
	22/07/2016 - 179984 Shares Purchase			1129479	1.56
c)	At the end of the year			1129479	1.56

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year (As on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
7	**ONTARIO PENSION BOARD - MONDRIAN INVESTMENT PARTNERS LIMITED #**				
a)	At the beginning of the year	1021732	1.41	1021732	1.41
b)	Date wise increase/decrease in Shareholding during the year				
	16/09/2016 - 15755 Shares Transfer			1005977	1.39
	23/09/2016 - 101283 Shares Transfer			904694	1.25
	07/10/2016 - 126988 Shares Transfer			777706	1.08
	14/10/2016 - 27237 Shares Transfer			750469	1.04
	25/11/2016 - 7000 Shares Transfer			743469	1.03
	02/12/2016 - 16500 Shares Transfer			726969	1.01
	09/12/2016 - 22996 Shares Transfer			703973	0.97
	16/12/2016 - 41610 Shares Transfer			662363	0.92
	23/12/2016 - 7500 Shares Transfer			654863	0.91
	30/12/2016 - 8654 Shares Transfer			646209	0.89
	06/01/2017 - 13637 Shares Transfer			632572	0.88
	13/01/2017 - 20378 Shares Transfer			612194	0.85
	20/01/2017 - 46827 Shares Transfer			565367	0.78
	27/01/2017 - 42000 Shares Transfer			523367	0.72
	03/02/2017 - 8401 Shares Transfer			514966	0.71
	10/02/2017 - 55334 Shares Transfer			459632	0.64
	17/02/2017 - 7601 Shares Transfer			452031	0.63
c)	At the end of the year			452031	0.63
8	**KOTAK MAHINDRA (UK) LTD A/C INDIA MIDCAP (MAURITIUS) LTD #**				
a)	At the beginning of the year	879521	1.22	879521	1.22
b)	Date wise increase/decrease in Shareholding during the year				
	13/05/2016 - 5000 Shares Transfer			874521	1.21
	27/05/2016 - 8084 Shares Transfer			866437	1.20
	09/08/2016 - 26437 Shares Transfer			840000	1.16
	11/11/2016 - 193100 Shares Transfer			646900	0.89
	25/11/2016 - 7000 Shares Transfer			639900	0.89
	02/12/2016 - 3924 Shares Transfer			635976	0.88
	23/12/2016 - 400000 Shares Transfer			235976	0.33
	10/02/2017 - 235976 Shares Transfer			0	0.00
c)	At the end of the year			0	0.00
9	**LAKSHMI CAPITAL INVESTMENTS LIMITED ***				
a)	At the beginning of the year	103770	0.14	103770	0.14
b)	Date wise increase/decrease in Shareholding during the year				
	08/04/2016 - 6000 Shares Purchase			109770	0.15
	15/04/2016 - 6674 Shares Purchase			116444	0.16
	22/04/2016 - 28717 Shares Purchase			145161	0.20
	29/04/2016 - 6050 Shares Purchase			151211	0.21
	22/07/2016 - 15000 Shares Purchase			166211	0.23
	29/07/2016 - 56500 Shares Purchase			222711	0.31
	05/08/2016 - 47000 Shares Purchase			269711	0.37
	12/08/2016 - 75000 Shares Purchase			344711	0.48
	19/08/2016 - 10000 Shares Purchase			354711	0.49
	26/08/2016 - 28100 Shares Purchase			382811	0.53
	02/09/2016 - 25000 Shares Purchase			407811	0.56
	16/09/2016 - 10000 Shares Purchase			417811	0.58
	18/11/2016 - 30000 Shares Purchase			447811	0.62
	25/11/2016 - 14000 Shares Purchase			461811	0.64
	23/12/2016 - 8000 Shares Purchase			469811	0.65
	30/12/2016 - 25943 Shares Purchase			495754	0.69
	06/01/2017 - 15000 Shares Purchase			510754	0.71
	13/01/2017 - 17000 Shares Purchase			527754	0.73

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year (As on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
	03/03/2017 - 15000 Shares Purchase			542754	0.75
	10/03/2017 - 42600 Shares Purchase			585354	0.81
c)	At the end of the year			585354	0.81
10	**MIRAE ASSET EMERGING BLUECHIP FUND #**				
a)	At the beginning of the year	730130	1.01	730130	1.01
b)	Date wise increase/decrease in Shareholding during the year				
	22/04/2016 - 23706 Shares Transfer			706424	0.98
	27/05/2016 - 19314 Shares Transfer			687110	0.95
	22/07/2016 - 5309 Shares Transfer			681801	0.94
	12/08/2016 - 100000 Shares Transfer			581801	0.80
	02/12/2016 - 3549 Shares Transfer			578252	0.80
	16/12/2016 - 43996 Shares Transfer			534256	0.74
	23/12/2016 - 326995 Shares Transfer			207261	0.29
	30/12/2016 - 190970 Shares Transfer			16291	0.02
	06/01/2017 - 16291 Shares Transfer			0	0.00
c)	At the end of the year			0	0.00
11	**COHESION INDIA BEST IDEAS (MASTER) FUND LIMITED ***				
a)	At the beginning of the year	185231	0.26	185231	0.26
b)	Date wise increase/decrease in Shareholding during the year				
	24/06/2016 - 7000 Shares Purchase			192231	0.27
	30/06/2016 - 25000 Shares Purchase			217231	0.30
	08/07/2016 - 13000 Shares Purchase			230231	0.32
	11/11/2016 - 4857 Shares Purchase			235088	0.33
	18/11/2016 - 15000 Shares Purchase			250088	0.35
	30/12/2016 - 14000 Shares Purchase			264088	0.37
	06/01/2017 - 35000 Shares Purchase			299088	0.41
	10/02/2017 - 150000 Shares Purchase			449088	0.62
	24/03/2017 - 20000 Shares Purchase			469088	0.65
c)	At the end of the year			469088	0.65
12	**RAMS EQUITIES PORTFOLIO FUND-INDIA EQUITIES PORTFOLIO FUND ***				
a)	At the beginning of the year	0	0.00	0	0.00
b)	Date wise increase/decrease in Shareholding during the year				
	08/04/2016 - 62111 Shares Purchase			62111	0.09
	13/05/2016 - 52266 Shares Purchase			114377	0.16
	27/05/2016 - 23000 Shares Purchase			137377	0.19
	24/06/2016 - 14000 Shares Purchase			151377	0.21
	30/06/2016 - 50000 Shares Purchase			201377	0.28
	08/07/2016 - 13000 Shares Purchase			214377	0.30
	12/08/2016 - 70000 Shares Purchase			284377	0.39
	23/09/2016 - 156623 Shares Purchase			441000	0.61
	14/10/2016 - 39000 Shares Purchase			480000	0.66
	11/11/2016 - 6143 Shares Purchase			486143	0.67
	18/11/2016 - 20000 Shares Purchase			506143	0.70
	30/12/2016 - 40000 Shares Purchase			546143	0.76
	24/03/2017 - 50000 Shares Purchase			596143	0.82
c)	At the end of the year			596143	0.82
13	**MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND,L.P.**				
a)	At the beginning of the year	2124450	2.94	2124450	2.94
b)	Date wise increase/decrease in Shareholding during the year				
	16/09/2016 - 58245 Shares Transfer			2066205	2.86
	23/09/2016 - 149914 Shares Transfer			1916291	2.65
	07/10/2016 - 165830 Shares Transfer			1750461	2.42

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year (As on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
	14/10/2016 - 30151 Shares Transfer			1720310	2.38
	18/11/2016 - 4925 Shares Transfer			1715385	2.37
	02/12/2016 - 40000 Shares Transfer			1675385	2.32
	09/12/2016 - 126204 Shares Transfer			1549181	2.14
	16/12/2016 - 32678 Shares Transfer			1516503	2.10
	23/12/2016 - 4500 Shares Transfer			1512003	2.09
	30/12/2016 - 9697 Shares Transfer			1502306	2.08
	06/01/2017 - 62923 Shares Transfer			1439383	1.99
	13/01/2017 - 48407 Shares Transfer			1390976	1.92
	20/01/2017 - 120173 Shares Transfer			1270803	1.76
	27/01/2017 - 38000 Shares Transfer			1232803	1.71
	03/02/2017 - 74099 Shares Transfer			1158704	1.60
	10/02/2017 - 124266 Shares Transfer			1034438	1.43
	24/03/2017 - 130000 Shares Transfer			904438	1.25
	31/03/2017 - 50000 Shares Transfer			854438	1.18
c)	At the end of the year			854438	1.18
14	**AMBIT CORPORATE FINANCE PRIVATE LIMITED #**				
a)	At the beginning of the year	750900	1.04	750900	1.04
b)	Date wise increase/decrease in Shareholding during the year				
	05/08/2016 - 2792 Shares Transfer			748108	1.03
	02/09/2016 - 900 Shares Transfer			747208	1.03
	09/09/2016 - 747208 Shares Transfer			0	0.00
c)	At the end of the year			0	0.00

Note:

* Not in the list of Top 10 shareholders as on 01/04/2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2017.

Ceased to be in the list of Top 10 shareholders as on 31/03/2017. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2016.

(v) Shareholding of Directors & Key Managerial Personnel (KMP) :

Sl. No.	For each of the Directors and KMP	Share holding at the beginning of the Year (As on 01.04.2016)		Cumulative Share holding during the year (01.04.2016 to 31.03.2017)	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	**Dr. Rajendra Kumar Somany - Chairman and Managing Director**				
	At the beginning of the year	2620114	3.62	2620114	3.62
	Date wise increase/decrease in share holding during the year: 24/03/2017 - 459886 Shares Purchase			3080000	4.26
	At the end of the year			3080000	4.26
2	**Mr. Sandip Somany - Vice Chairman and Managing Director**				
	At the beginning of the year	1914664	2.65	1914664	2.65
	Date wise increase/decrease in share holding during the year: 24/03/2017 - 368899 Shares Purchase			2283563	3.16
	At the end of the year			2283563	3.16
3	**Ms. Sumita Somany - Director**				
	At the beginning of the year	76665	0.11	76665	0.11
	Date wise increase/decrease in share holding during the year: 24/03/2017 - 84335 Shares Purchase			161000	0.22
	At the end of the year			161000	0.22
4	**Mr. G.L.Sultania - Director**				
	At the beginning of the year	6705	0.01	6705	0.01
	Date wise increase/decrease in share holding during the year: 17/02/2017 - 6000 Shares Transfer			705	0.00
	At the end of the year			705	0.00
5	**Mr. Ashok Jaipuria - Director**				
	At the beginning of the year	12000	0.02	12000	0.02
	Date wise increase/decrease in Share holding during the year			-	-

Sl. No.	For each of the Directors and KMP	Share holding at the beginning of the Year (As on 01.04.2016)		Cumulative Share holding during the year (01.04.2016 to 31.03.2017)	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the end of the year			12,000	0.02
6	**Mr. Salil Bhandari -Director**				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year			-	-
	At the end of the year	-	-	-	-
7	**Mr. V.K.Bhandari - Director**				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year			-	-
	At the end of the year	-	-	-	-
8	**Mr. N.G.Khaitan - Director**				
	At the beginning of the year	132	0.00	132	0.00
	Date wise increase/decrease in Share holding during the year			-	-
	At the end of the year			132	0.00
9	**Dr. Rainer S. Simon - Director**				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year			-	-
	At the end of the year	-	-	-	-
10	**Mr. Sandeep Sikka - Chief Financial Officer (KMP)**				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year			-	-
	At the end of the year	-	-	-	-
11	**Ms. Payal M Puri - Company Secretary (KMP)**				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year			-	-
	At the end of the year	-	-	-	-

V. INDEBTEDNESS

(₹ In Lakh)

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	42565.44	19680.20	-	62245.64
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	257.72	-	-	257.72
Total (i+ii+iii)	**42823.16**	**19680.20**	**-**	**62503.36**
Change in Indebtedness during the financial year				
Additions	97803.67	115007.24	-	212810.91
Reduction	76653.15	105101.03	-	181754.18
Net Change	21150.52	9906.21	-	31056.73
Indebtedness at the end of the financial year				
i) Principal Amount	63715.96	29586.41	-	93302.37
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	265.51	-	-	265.51
Total (i+ii+iii)	**63981.47**	**29586.41**	**-**	**93567.88**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Director and/or Manager:

(₹ In Lakh)

Sl. No.	Particulars of Renumeration	Name of the MD/WTD/Manager		Total Amount
		Dr. Rajendra Kumar Somany	Mr. Sandip Somany	
1	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	246.86	188.00	434.86
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	41.28	69.39	110.67
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	511.06	541.81	1052.87
	- others (specify)	-	-	-
5	Others, please specify	-	-	-
	Total (A)	799.20	799.20	1598.40
	Ceiling as per the Act (@ 10% of net profits as per section 197 computed in the manner laid down in section 198 of the Companies Act, 2013)			1598.40

B. Remuneration to other directors:

(₹ In Lakh)

Sl. No	Particulars of Remuneration	Name of the Directors					Total Amount
1	Independent Directors	Mr. Ashok Jaipuria	Mr. Salil K Bhandari	Mr. V.K. Bhandari	Mr. N.G. Khaitan	Dr. Rainer S. Simon	
	(a) Fee for attending board committee meetings	-	1.25	0.75	0.85	-	2.85
	(b) Commission	22.83	22.83	22.83	22.83	22.83	114.15
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	22.83	24.08	23.58	23.68	22.83	117.00
2	Other Non Executive Directors	Ms. Sumita Somany	Mr. G.L. Sultania				
	(a) Fee for attending board committee meetings	0.55	0.60				1.15
	(b) Commission	22.84	22.84				45.68
	(c) Others, please specify	-	-				-
	Total (2)	23.39	23.44				46.83
	Total (B)=(1+2)	46.22	47.52	23.58	23.68	22.83	163.83
	Total Managerial Remuneration ({A+B} (excluding sitting fees))						1758.23
	Overall Ceiling as per the Act (@ 11% of net profits as per section 197 computed in the manner laid down in section 198 of the Companies Act, 2013)						1758.23

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ In Lakh)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total
		Ms. Payal M Puri (Company Secretary)	Mr. Sandeep Sikka (Chief Financial Officer)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	38.33	180.09	218.42
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1.50	7.75	9.25
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	as % of profit	-	-	-
	others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	39.82	187.84	227.66

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compounding					

There were no penalties/punishments/compounding of offences during the financial year ended 31 March 2017

Form No. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Name(s) of the related party and nature of relationship	Nature of contracts / arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188

NIL

2. Details of material contracts or arrangement or transactions at arm's length basis:

(a)	(b)	(c)	(d)	(e)	(f)
Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Dr. Rajendra Kumar Somany - Chairman and Managing Director	Rented property in Hyderabad for the purpose of Guest House for the Company	On-going	On a monthly rental of ₹40000/-	-	Nil
Hindware Home Retail Private Limited – Wholly owned subsidiary	Sale and Purchase of Goods	On-going	As per Purchase order and Invoices	-	Nil
Textool Mercantile Private Limited - Dr. Rajendra Kumar Somany, Mr. Sandip Somany and Mrs. Sumita Somany, Directors, holding more than 2% of the Share Capital of the said Company.	Payment of Rent and reimbursement of expenses of space in Mumbai Office.	Agreement for 36 months i.e 01.02.2016 to 31.01.2019	On monthly rental of ₹20,000/- and actual expenses reimbursement	02.02.2016	Nil
Paco Exports Limited - Dr. Rajendra Kumar Somany, Mr. Sandip Somany and Mrs. Sumita Somany are Directors and holding more than 2% of the Share Capital of the Company.	Payment of Rent for Showroom in Ernakulum	Agreement for 11 Months i.e 01.06.2015 to 30.04.2016	On monthly rental of ₹186340/- as per the terms and conditions that mutually agreed.	18.05.2015	Nil
		Further renewed for 11 Months i.e 01.05.2016 to 31.03.2017	On monthly rental of ₹204974/- as per the terms and conditions that mutually agreed.	23.05.2016	Nil
Mr. G.L.Sultania – Non-Executive Non-Independent Director	G.L. Sultania & Co. towards professional services	Consultancy Agreement for a period of 3 years with effect from 1.04.2014 to 31.03.2017	Professional services from M/s G.L.Sultania & Co., in respect of Income Tax Law, Corporate Law, SEBI Rules, Listing Provisions etc. from time to time at consideration of ₹1250000/- per annum plus service tax as applicable,	11.08.2014	Nil

For and on behalf of the Board of Directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2016-2017

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	Pl. refer Corporate Social Responsibility section in this report and also in Corporate Governance Report. For detailed CSR Policy please refer Company's website at the Link : http://www.hindwarehomes.com/pdf/CSR_Policy_HSIL.pdf
2. The Composition of the CSR Committee.	Pl. refer Corporate Social Responsibility section in this report and also in Corporate Governance Report.
3. Average net profit of the company for last three financial years	₹ 14538.28 lakh
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹290.77 lakh
5. Details of CSR spent during the financial year.	
(a) Total amount to be spent for the financial year;	₹290.77 lakh (The Company has spent ₹298.02 lakh during financial year 2016-17)
(b) Amount unspent, if any;	NIL

(c) Manner in which the amount spent during the financial year is detailed below

Sl. No	CSR project or activity identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ In Lakh)	Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ In Lakh)	Cumulative expenditure upto to the reporting period (₹ In Lakh)	Amount spent : Direct or through Implementing Agency
(i)	Project Samarth (Cutting & tailoring training to women)	Cl. (ii) Promoting education and employment enhancing vocation skills especially among children, women;	Bahadurgarh (District- Jhajjar) Haryana	5.19	2.15	2.15	Direct
(ii)	Kushal Vikas (Skill Development) basic computer training class	Cl. (ii) Promoting education, including special education and enhancing vocation skills especially among children, women;	Bahadurgarh (District- Jhajjar) Haryana	3.20	2.17	2.17	Direct
(iii)	Swastha Sampada (Health Care) OPD facility	Cl. (i) promoting health care including prevention health care;	Bahadurgarh (District- Jhajjar) Haryana	33.40	34.10*	34.10	Direct
(iv)	Basic Literacy Centre (Prathamik Saksharata Kendra)	Cl. (ii) Promoting education, including special education and enhancing vocation skills especially among children, women;	Bahadurgarh (District- Jhajjar) Haryana	1.33	1.66*	1.66	Direct
(v)	Swastha Sampada (Health Care)	Cl. (i) promoting health care including prevention health care;	Kaharani, Bhiwadi, Rajasthan	17.91	18.59*	18.59	Direct

Sl. No	CSR project or activity identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ In Lakh)	Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ In Lakh)	Cumulative expenditure upto to the reporting period (₹ In Lakh)	Amount spent : Direct or through Implementing Agency
(vi)	Swastha Sampada (Health Care)	Cl. (i) promoting health care including prevention health care;	Bibinagar, (District- Nalgonda) Telangana	29.23	23.14	23.14	Direct
(vii)	Swastha Sampada (Health Care)- Temprorary Dispensary	Cl. (i) promoting health care including prevention health care;	Bhongir, Telangana	16.44	16.42	16.42	Direct
(viii)	Skills enhancement vocational training (Kaushal Virdhi)	Cl. (ii) Promoting education, including special education and enhancing vocation skills especially among children, women;	Bahadurgarh (District- Jhajjar) Haryana	48.72	57.06*	57.06	Direct
(ix)	HSIL Aap Ke Liye– Construction of Household Toilets Phase - I	Cl. (i) promoting health care including prevention health care and sanitation;	Sadodh Village, Bhiwadi (District- Alwar) Rajasthan	0.41	0.41	0.41	Through implementing agency (MA MY Anchor Foundation)
(x)	Sanitation and Safe drinking water facility at Government T.W. Ashram School Girls hostel	Cl. (i) promoting health care including prevention health care and sanitation and making available safe drinking water;	Bhongir, Telangana	5.15	5.15	5.15	Direct
(xi)	Sanitation and Safe drinking water facility at Government ST Boys College hostel	Cl. (i) promoting health care including prevention health care and sanitation and making available safe drinking water;	Bhongir , Telangana	6.25	6.34*	6.34	Direct
(xii)	Skill Enhancement (Kaushal Vridhi) leading to employment opportunity	Cl. (ii) Promoting education, including special education and enhancing vocation skills especially among children, women;	Kaharani, Rajasthan	30.80	31.26*	31.26	Direct
(xiii)	HSIL Aap Ke Liye– Construction of Household Toilets Phase - II	Cl. (i) promoting health care including prevention health care and sanitation;	Sadodh Village, Bhiwadi (District- Alwar) Rajasthan	14.12	15.10*	15.10	Through implementing agency (MA MY Anchor Foundation)

Sl. No	CSR project or activity identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ In Lakh)	Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ In Lakh)	Cumulative expenditure upto to the reporting period (₹ In Lakh)	Amount spent : Direct or through Implementing Agency
(xiv)	HSIL Aap Ke Liye- Community water center	Cl. (i) promoting health care including prevention health care and sanitation and making available safe drinking water;	Rampura Village, Bhiwadi (District- Alwar) Rajasthan	10.73	10.73	10.73	Through implementing agency (MA MY Anchor Foundation)
(xv)	HSIL Aap Ke Liye- Community water center	Cl. (i) promoting health care including prevention health care and sanitation and making available safe drinking water;	Village Gudhana, Pataudi, Haryana	12.97	12.97	12.97	Through implementing agency (MA MY Anchor Foundation)
(xvi)	Swachhta Sudhar (Sanitation Improvement) -Construction of 50 Household Toilets	Cl. (i) promoting health care including prevention health care and sanitation;	Bhati Mines, New Delhi	12.00	12.00	12.00	Through implementing agency (Ramakrishna Mission)
(xvii)	Sanitation and Safe drinking water facility at ZP High School, Hyderabad	Cl. (i) promoting health care including prevention health care and sanitation and making available safe drinking water;	Hyderabad	3.78	2.93	2.93	Direct
(xviii)	Udaipur Tales	Cl. (v) protection of national heritage, art and culture, promotion and development of tradtional arts and handicrafts;	Udaipur, Rajasthan	5.00	5.00	5.00	Through implementing agency (MA MY Anchor Foundation)
(xix)	Construction of Class Room in School	Cl. (ii) Promoting education and employment enhancing vocation skills especially among children, women;	Village Thukkapur, (District- Nalgonda), Telangana	16.03	16.36*	16.36	Direct
(xx)	Providing Sanitaryware and other products to physically challenge and Handicapped children School	Cl. (i) promoting health care including prevention health care and sanitation and making available safe drinking water;	Dwarka, New Delhi	2.73	2.73	2.73	Direct

Sl. No	CSR project or activity identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ In Lakh)	Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ In Lakh)	Cumulative expenditure upto to the reporting period (₹ In Lakh)	Amount spent : Direct or through Implementing Agency
(xxi)	Installation of RO Plant of 1000 LPH	Cl. (i) promoting health care including prevention health care and sanitation and making available safe drinking water;	Village Kapraipally, (District-Nalgonda), Telangana	2.53	1.74	1.74	Direct
(xxii)	Contribution towards socio - economic development in Government Hostels	Cl. (viii) contrubution to any fund set up for socio-economic development and relief and welfare of the scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;	Yadadri Bhuvanagiri (District-Bhongir), Telangana	5.07	4.99	4.99	Direct
(xxiii)	Sanitation and Safe drinking water facility at various schools	Cl. (i) promoting health care including prevention health care and sanitation and making available safe drinking water;	near and around Kaharani, Rajasthan	6.62	6.62	6.62	Direct
(xxiv)	Promoting education by providing Computers, UPS and Printers at various schools	Cl. (ii) Promoting education, including special education and enhancing vocation skills especially among children, women;	near and around Kaharani, Rajasthan	8.40	8.40	8.40	Direct
	TOTAL			298.00	298.02	298.02	

* The excess amount spent in various projects was approved by CSR committee.

6. During the year, the Company has spent ₹298.02 lakh towards CSR activities, which is more than two per cent of the average net profit of the last three financial years.

7. We hereby affirm that the CSR Policy, as approved by Board of Directors, has been implemented and the CSR Committee monitors the implementation of CSR projects and activities in compliance with CSR objectives and Policy of the Company.

Place : Gurugram
Date : 18 May 2017

Dr. Rajendra Kumar Somany
Chairman and Managing Director

Salil Kumar Bhandari
Chairman of CSR Committee

REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- **Guiding Principles:** This Policy of the Company aims to attract, retain and motivate professionals; in order to enable the Company to achieve its strategic objectives and develop a strong performance based culture and a competitive environment. This Policy and the compensation structure has been devised after taking into account all relevant factors and giving due regard to the interests of shareholders and the financial and commercial health of the Company.

- **Board to determine the remuneration:** The Board while determining the remuneration package of the Directors, Key Managerial Personnel and Senior Management may take into account, all or any of the following:

  (a) the requirement of the Company, specifically in terms of the skill sets required, the qualification of the persons being considered and the long term and short term goals of the Company;

  (b) interests of the shareholders and the financial and commercial health of the Company;

  (c) individual performance of the persons being considered;

  (d) performance of the Company;

  (e) remuneration packages offered by companies of comparable size in the same business as the Company;

  (f) remuneration package offered at the same level by companies of comparable size in other businesses; and

  (g) other relevant factors it deems necessary.

- **Maximum Threshold:** Except as otherwise provided under the Companies Act or with the prior approval of the Central Government, the total managerial remuneration payable by the Company, to its Directors (including managing director and whole-time director) and its manager in respect of a financial year shall not exceed 11% (eleven per cent) of the net profits of the Company in the relevant financial year, computed in the manner prescribed under the Companies Act. Further, except with the approval of the Company in general meeting:

  (a) the remuneration payable to any one managing director; or whole-time director or manager shall not exceed 5% of the net profits of the company and if there is more than one such directors, remuneration shall not exceed ten per cent of the net profits to all such directors and manager taken together;

  (b) the remuneration payable to Directors who are not managing directors nor whole-time directors shall not exceed 1% (one per cent) of the net profits of the Company.

- **Manner of payment:** Remuneration payable to Key Managerial Personnel and Senior Management may be mix of (i) fixed components such as salary, perquisites and allowances and (ii) variable components including commission, based on the individual performance and the performance of the Company, as determined by the Board, provided that the remuneration payable to the Directors shall be subject to the prior/post approval of the shareholders of the Company and/or the Central Government, as may be required under the applicable laws.

- **Perquisites/allowances:** The Company may offer perquisites and allowances such as house rent allowance, leave travel concession, medical reimbursement, club membership, personal accident insurance and such other benefits, facilities and allowances, to Directors, Key Managerial Personnel and Senior Management as determined by the Board from time to time.

- **Stock Options:** The Company may issue stock option to its Directors (other than Independent Directors), Key Managerial Personnel and Senior Management, as it may deem fit.

- **Sitting Fee:** Non-executive Directors of the Company may be entitled to a sitting fee, as determined by the Board or the Company in accordance with the provisions of the Companies Act. No executive Director shall be entitled to receive a sitting fee for attending Board meeting of the Company. Sitting fee will not be considered as a part of remuneration for determining the aggregate managerial remuneration being paid to Directors in accordance with this Policy.

- **Remuneration to Non-Executive Directors:** Non-executive Directors may receive remuneration by way of (i) Sitting fee, (ii) reimbursement of expenses for participation in the Board and other meetings; (iii) profit related commission as may be approved by the shareholders and (iv) in such other manner as may be permitted under applicable law. An Independent Director shall not be entitled to any stock option.
- **Fee for professional services:** It is clarified that, the fee payable to a Director for any professional services rendered by him to the Company shall not be considered as a part of the relevant Director's remuneration. Further, payment of such professional fee shall not require approval of the shareholders, if the Committee is satisfied that the Director possesses the relevant qualifications for practicing the profession. Provided however that in case approval of the shareholders is required pursuant to the related party transactions policy of the Company or under the Companies Act (by virtue of such a transaction being considered as a contract or arrangement for availing any services and/or for appointment of a related party to any office or place of profit in the Company), such approval shall be obtained, in accordance with the provisions of the Companies Act or the Listing Agreement.
- **Professional Indemnity:** The Company may take such professional indemnity and liability insurance policy for its Directors, Key Managerial Personnels and Senior Management, as the Board may deem fit and the premium paid on such insurance shall not to be treated as part of the remuneration payable to any such personnel, except as otherwise provided under the Companies Act.
- **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
- **Provisions for excess remuneration:** If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it, unless permitted by the Central Government.

DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A. The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

(i) The ratio of the remuneration of each director to the median remuneration of the employee of the Company for the financial year:

Name of the Directors	Ratio to median remuneration*
Executive Directors	
Dr. Rajendra Kumar Somany	445.41
Mr. Sandip Somany	458.75
Non-Executive Directors	
Mr. G. L. Sultania	12.51
Mr. N. G. Khaitan	12.62
Mr. Salil Bhandari	12.80
Mr. V. K. Bhandari	12.58
Dr. Rainer S. Simon	12.24
Mr. Ashok Jaipuria	12.24
Mrs. Sumita Somany	12.49

*Remuneration is calculated on paid basis.

(ii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Director, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year*
Dr. Rajendra Kumar Somany	24.14
Mr. Sandip Somany	23.39
Mrs. Sumita Somany	37.95**
Mr. Girdhari Lal Sultania	15.56
Mr. Ashok Jaipuria	15.96
Mr. V. K. Bhandari	14.75
Mr. Nand Gopal Khaitan	15.40
Mr. Salil Bhandari	16.81
Dr. Rainer Siegfried Simon	15.96
Mr. Sandeep Sikka	42.90***
Ms. Payal M Puri	29.16

*Remuneration is calculated on paid basis and includes sitting fees.

** Mrs Sumita Somany received commission for the FY2014-15 on pro-rata basis and for the FY 2015-16 for full financial year.

*** Inclusive of variable pay for the FY2015-16 paid in FY2016-17.

(iii) The percentage increase in remuneration in the median remuneration of employee in the financial year : 14.41%

(iv) The number of permanent employees on the rolls of the Company : 3805

(v) Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year: 22.33 %.

Percentile increase in the managerial remuneration of Dr. Rajendra Kumar Somany, Chairman and Managing Director and Mr. Sandip Somany, Vice Chairman and Managing Director was 24.14% and 23.39% respectively.

(vi) Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that, the remuneration is as per the remuneration policy of the Company.

CORPORATE GOVERNANCE REPORT

COMPANY PHILOSOPHY

HSIL's business philosophy is highly ethical, open and transparent. The Company has in place a robust corporate governance framework, which is aligned with the new guidelines of the Companies Act, 2013. Our corporate governance system is founded on the pillar of transparency, and we believe in making timely disclosures and sharing accurate information regarding our financial performance so as to add value at the hands of our stakeholders. Value addition, in fact, lies at the heart of all our business decisions and we strive to identify new possibilities which can augment our capabilities in line with the emerging trends. We are continuously strengthening this framework through the concerted efforts of our people working under the guidance of our leadership team. To keep our Board well-informed and independent, we have adhered ourselves to the highest standards of corporate governance. The Company's Board fully supports and endorses corporate governance practices in accordance with the provisions of Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A. BOARD OF DIRECTORS

The Company is managed and controlled by a professional Board comprising a blend of Executive and Non-executive professional Directors. As on 31 March 2017, the Board of Directors consisted of nine Directors, including Chairman and Managing Director, Vice Chairman and Managing Director and others.

As on 31 March 2017, none of the Directors on the Company's Board was a Director in more than 20 Companies, neither a Chairman of more than five Committees nor a member of more than 10 Committees in accordance with Companies Act, 2013. Further, none of the Independent Directors are on the Board of more than 7 Listed Companies and all the Directors have made necessary disclosures regarding their Directorship and Chairmanship/ Committee Membership in other Companies as per the requirement of Companies Act, 2013.

No Director is related to any other Director on the Board, except Dr. Rajendra Kumar Somany, Mr. Sandip Somany (Son of Dr. Rajendra Kumar Somany) and Ms. Sumita Somany (Wife of Mr. Sandip Somany).

The appointment of the Chairman and Managing Director and Vice Chairman and Managing Director including the tenure and terms of remuneration, are approved by the members at their general meetings.

Four Board meetings were held during 2016-17 and the gap between two meetings did not exceed 120 days. The dates, on which the Board meetings were held, are as follows:

23 May 2016, 10 August 2016, 7 November 2016 and 2 February 2017

Dates for the Board meetings are decided well in advance and the Agenda, along with the supporting documents, explanatory notes and information, as enumerated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are made available to the Board along with the notice of respective meetings. The Board periodically reviews compliance reports of all laws applicable to the Company. The Company undertakes steps to rectify instances of non-compliance, if any.

The names and categories of the Directors on the Board, along with their attendance at the Board meetings held during the year ended 31 March 2017, and at the last Annual General Meeting, and the number of other Directorship and Chairmanship/Membership of Committees held by them, are given below:

Name of the Director	No. of Board meetings attended during tenure	Whether attended the last AGM	No. of other Directorships*	Committee position of Companies**		No. of Equity Shares held
				Chairman	Member	
Executive						
Dr. Rajendra Kumar Somany (Chairman and Managing Director)	4	Yes	4	Nil	Nil	30,80,000
Mr. Sandip Somany (Vice Chairman and Managing Director)	4	No	3	Nil	Nil	22,83,563
Non-executive and Non- Independent						
Ms. Sumita Somany	4	No	3	Nil	Nil	1,61,000
Mr. G. L. Sultania	4	Yes	9	Nil	3	705
Non-executive and Independent						
Mr. Ashok Jaipuria	2	No	2	Nil	2	12,000
Mr. N. G. Khaitan	4	No	6	3	5	132
Dr. Rainer Siegfried Simon	4	No	Nil	Nil	Nil	Nil
Mr. V. K. Bhandari	3	Yes	7	4	5	Nil
Mr. Salil Bhandari	4	Yes	2	Nil	4	Nil

*This includes Directorship in public limited companies (including subsidiaries of public limited companies) and excludes Directorship in this Company, associations, private, foreign and Section 8 companies.

** Represents Chairmanship/Membership of Audit Committee and Stakeholder Relationship (Shareholders'/Investors' Grievance) Committee. This includes Chairmanship/Membership in public limited companies (including subsidiaries of public limited companies) and excludes Chairmanship/Membership in private, foreign and Section 8 companies.

B. COMMITTEES OF THE BOARD

The Board of Directors has constituted the following Committees of Directors with adequate delegation of powers to discharge the Company's requisite business:

- Audit Committee
- Corporate Affairs Committee
- Corporate Social Responsibility Committee
- Internal Sub-Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee
- Share Transfer Committee

The minutes of the meetings of all such committees are placed before the Board for discussion/noting.

Detail of the composition, number of meetings held during the year, attendance of members and scope of the committees are as below:

Audit Committee

Composition

The Committee comprises of four Non-executive Independent Directors. Mr. V. K. Bhandari, an ex-banker and financial expert, is the Chairman of the Committee. The quorum of the Committee is two members or one-third of the members, whichever is higher with atleast two Independent Directors. The Chairman and Managing Director, Presidents of Divisions, Finance Head, Statutory Auditors and the Internal Auditors are invitees to the meetings of the Audit Committee. The business and operation heads are invited to the meetings, as and when required. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

During the year, four meetings of the Audit Committee were held on 23 May 2016, 10 August 2016, 7 November 2016 and 2 February 2017. The Chairman of the Audit Committee also attended the Company's last Annual General Meeting.

The following table summarizes attendance of Audit Committee members during the year under review:

Name of Members	Status	No. of Meetings held during the tenure	No. of Meetings attended
Mr. V. K. Bhandari	Chairman	4	3
Mr. N. G. Khaitan	Member	4	4
Mr. Salil Bhandari	Member	4	4
Mr. Ashok Jaipuria	Member	4	1

The Committee's existing composition meets with requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Members of the Audit Committee possess financial / accounting expertise / exposure.

Scope of the Audit Committee

The Audit Committee, inter alia, supports the Board to ensure an effective internal control environment. The Committee discharges such duties and functions with powers generally indicated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The scope of the Audit Committee is as follows:

Powers of Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Terms of Reference

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee;
- Approving payment to Statutory Auditors for any other services rendered by them;
- Reviewing, with the management, the Annual Financial Statements and auditor's report thereon before submission to the Board for approval, with particular reference to, (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013 (b) Changes, if any, in accounting policies and practices and reasons for the same (c) Major accounting entries involving estimates based on the exercise of judgment by management (d) Significant adjustments made in the financial statements arising out of audit findings (e) Compliance with listing and other legal requirements relating to financial statements (f) Disclosure of any related party transactions (g) Qualifications in the draft audit report, if any;
- Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue, if any, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Reviewing, with the management, the performance of Statutory and Internal Auditors and adequacy of the internal control system;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- Reviewing reports of internal audit and discussing with Internal Auditors on any significant findings of any internal investigations by the Internal Auditors and the executive management's response on matters and follow-up thereon;
- Reviewing reports of Cost audit, if any, and discussion with Cost Auditors on any significant findings by them;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- To review the functioning of the Vigil (Whistle Blower) mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors, if applicable;
- Evaluating Internal Financial Controls and Risk Management Systems and reviewing the Company's financial and risk management policies;
- Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Reviewing the Management Discussion and Analysis of financial condition and results of operation;
- Reviewing the statement of significant related-party transactions;
- Reviewing the Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- To review the appointment, removal and terms of remuneration of the Chief internal auditor; and
- To review the internal audit report relating to internal control weaknesses.

Corporate Affairs Committee

Composition

The Company's Corporate Affairs Committee comprises two Executive Directors and two Non-executive Directors. Dr. Rajendra Kumar Somany, Chairman and Managing Director of the Company, is Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

The Corporate Affairs Committee met on eleven occasions during 2016-17, on 18 April 2016, 10 May 2016, 23 June 2016, 19 July 2016, 5 September 2016, 14 October 2016, 9 December 2016, 26 December 2016, 24 January 2017, 14 February 2017 and 28 March 2017.

The following table summarises the attendance details of the Corporate Affairs Committee members:

Name of Members	Status	No. of Meetings held during the tenure	No. of Meetings attended
Dr. Rajendra Kumar Somany	Chairman	11	11
Mr. Sandip Somany	Member	11	10
Mr. G. L. Sultania	Member	11	Nil
Mr. Salil Bhandari	Member	11	1

Scope of the Corporate Affairs Committee

The Corporate Affairs Committee's terms of reference include providing authorization to the Company's Executives on account of banking operations, taxation, corporate and financial management issues arising in the Company's day-to-day operations. The Committee's powers are revised from time to time by the Board of Directors to facilitate seamless operations of the Company.

Corporate Social Responsibility (CSR) Committee

Composition

The Company's Corporate Social Responsibility Committee comprises of two Executive Directors and an Independent Director. Mr. Salil Bhandari, Independent Director of the Company is Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

During the year, the Corporate Social Responsibility Committee met five times on 23 May 2016, 10 August 2016, 7 November 2016, 2 February 2017 and 17 March 2017. The following table summarises the attendance details of the Corporate Social Responsibility Committee members:

Name of Members	Status	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Salil Bhandari	Chairman	5	5
Dr. Rajendra Kumar Somany	Member	5	5
Mr. Sandip Somany	Member	5	4

Scope of the Corporate Social Responsibility Committee

HSIL acknowledges its obligation to contribute to the economic development of the state and the country while improving the quality of life of its workforce and their immediate families as well as of the community and society at large. While undertaking statutorily required CSR projects / programmes within India, the Company will consistently strive for opportunities to meet the expectation of its stakeholders by pursuing the concept of sustainable development with focus on improving the quality of life.

The Committee oversees the activities/functioning in identifying the areas of Corporate Social Responsibility activities as specified in our CSR Policy in accordance with schedule VII of the Companies Act, 2013 and execution of initiative as per pre-defined guidelines. The Corporate Social Responsibility Policy of the Company is available on its website www.hindwarehomes.com

Internal Sub-Committee

Composition

The Company's Internal Sub-Committee comprises of two Executive Directors. Dr. Rajendra Kumar Somany is Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

During the year, the Internal Sub-Committee met once on 7 March 2017, which was attended by both the members of the Committee.

Scope of the Internal Sub-Committee

To evaluate options to unlock the value of the land parcels owned by the Company, including by making a determination as to whether the aforesaid assets could be effectively segregated from current operations by exploring, among others, other more cost effective arrangements,- without impacting current manufacturing operations of the Company.

Nomination and Remuneration Committee

Composition

The Committee comprises of four members, three of them being Non-executive Independent Directors and one is Non-executive Non-Independent Director. The Company Secretary acts as Secretary to the Committee.

Meetings and Attendance

During the year, the Nomination and Remuneration Committee met thrice on 23 May 2016, 10 August 2016 and 2 February 2017. The following table summarises the attendance details of the Nomination and Remuneration Committee members:

Name of Members	Status	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Salil Bhandari	Chairman	3	3
Ms. Sumita Somany	Member	3	3
Mr. Ashok Jaipuria	Member	3	1
Mr. V.K. Bhandari	Member	3	2

Terms of Reference

The Nomination and Remuneration Committee is empowered to review and recommend to the Board of Directors, remuneration and commission of the Company's Executive Directors with the guidelines laid down under the statute. The scope of the Nomination and Remuneration Committee is as follows:

- formulating criteria for determining qualifications, positive attributes and independence of Directors and recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other Employees;
- formulating criteria for evaluation of performance of Independent Directors and the Board;
- devising a policy on diversity of the Board;
- identifying and recommending individuals who are qualified to become Directors, and who may be appointed as Senior Management in accordance with the criteria laid down;
- recommending appropriate training program for new Directors, Key Managerial Personnel and Senior Management and periodically reviewing the same;
- evaluating the performance of the Directors based on the evaluation criteria and furnishing the Board with the necessary report for further evaluation;
- recommending to the Board a Policy, relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management, and while formulating such Policy ensuring that:
  - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, of the quality required to run the Company successfully;
  - (ii) the relationship of remuneration to performance is clear and meets the appropriate performance benchmarks; and

(iii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between the fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;

- recommending to the Board the re-appointment and removal of any individuals holding the office of a Director, Key Managerial Personnel or Senior Management, subject to the provision of the law and their service contract;
- determining whether the relevant Director has the requisite qualifications for practice of a profession in terms of section 197 of the Companies Act in relation to payment of remuneration for services rendered by such Director;
- undertaking such other functions as may be determined by the Board or required under the provisions of the Companies Act or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- undertaking such other actions as may be necessary or appropriate for performance of the aforementioned functions.

The Remuneration Policy of the company is enclosed as Annexure F to the Board's Report.

Detail of Remuneration of Directors

The table below provides the details of the remuneration paid to the Directors during the financial year 2016-17:

(Amount in ₹)

Name of Directors	Basic	Perquisites	Commission (for the year 2015-16)	Contribution to PF	Sitting Fee	Total
Dr. Rajendra Kumar Somany	24,685,484	1,165,622	69,972,585	2,962,258	-	98,785,949
Mr. Sandip Somany	18,800,000	4,682,971*	76,006,585	2,256,000	-	101,745,556
Ms. Sumita Somany	-	-	2,714,521	-	55,000	2,769,521
Mr. V. K. Bhandari	-	-	2,714,521	-	75,000	2,789,521
Mr. Ashok Jaipuria#	-	-	2,714,521	-	-	2,714,521
Mr. N. G. Khaitan	-	-	2,714,521	-	85,000	2,799,521
Mr. G. L. Sultania	-	-	2,714,521	-	60,000	2,774,521
Dr. Rainer S. Simon	-	-	2,714,521	-	-	2,714,521
Mr. Salil Bhandari	-	-	2,714,520	-	125,000	2,839,520
TOTAL	43,485,484	5,848,593	164,980,816	5,218,258	400,000	219,933,151

* Includes ₹3,150,000/- leave encashment.
# Mr. Ashok Jaipuria relinquished his entitlement of the sitting fee.

The Company has not issued any stock option to its directors/employees.

Directors with materially significant, pecuniary or business relationship with the Company.

The transactions with related parties are furnished in note no. 53 of financial statements, as stipulated under Indian Accounting Standards (Ind AS) 24. Apart from related party transactions furnished in note no. 53, there are no transactions of material nature with Directors or their relatives and others, which may have potential conflict with the Company's interest. The Register of Contracts required to be maintained under Section 189(1) and rule 16(1) of the Companies Act, 2013, containing the details of the contracts, in which the Directors are concerned or interested, is placed at the meeting of the Board of Directors for their approval and noting, on a periodical basis.

During the year no pecuniary or business relationship existed between the Non-executive and Independent Directors and the Company. M/s G. L. Sultania & Co., Proprietor Mr. G. L. Sultania, Non-executive Director of the Company, was paid consultancy fees for rendering professional services, which is approved by Audit committee and Board of Directors and further by shareholders in the Annual General Meeting of the Company held on 27 September 2014.

With the applicability of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, transactions attracting provisions of section 188 which are in ordinary course of business and are at arm's length have been entered into after being review, securitized and approved by the Audit Committee and with approval of the Board.

No transactions which are not in ordinary course of business and are not at arm's length have been entered into with any related party.

Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee

Composition

The Committee comprises four members, three of them being Independent Directors and one is Non-executive Non-Independent Director. The Chairman of the Committee is Mr. N. G. Khaitan. The Company Secretary of the Company acts as the Secretary to the Committee and is also the Company's Compliance Officer.

Meetings and Attendance

During the year, four meetings of the Committee were held on 23 May 2016, 10 August 2016, 7 November 2016 and 2 February 2017. The following table summarizes the attendance details of the Stakeholders Relationship (Shareholders'/ Investors' Grievance) Committee members:

Name of Members	Status	No. of Meetings held during the tenure	No. of Meetings attended
Mr. N. G. Khaitan	Chairman	4	4
Mr. V. K. Bhandari	Member	4	3
Mr. G. L. Sultania	Member	4	4
Mr. Salil Bhandari	Member	4	4

Scope of Stakeholders Relationship (Shareholders'/ Investors' Grievance) Committee

- Reviewing and redressing Shareholders' and Investors' complaints / grievances concerning transfer of shares, non-receipt of dividends and non-receipt of Annual Reports, among others;
- Recommending measures for overall improvement in the quality of services being provided to the Shareholders/Investors.

During the year, 22 complaints were received and duly resolved by the Company.

Share Transfer Committee

Composition

The Committee comprises of three members. The Chairman of the Committee is Mr. G. L. Sultania, who is a Non-executive Non-Independent Director, and other two members are the Company's Executives.

Meetings and Attendance

The Committee conducts monthly meetings for the approval of transfer of shares lodged with the Company. As on 31 March 2017, no request for transfer of shares was pending. The Committee met 12 times during the year under review and all the members were present at the meetings.

Scope of the Share Transfer Committee

The Board entrusts the Share Transfer Committee with the powers related to transfers, transmissions, consolidation, splitting and issue of share certificates, in exchange of sub-divided / consolidated and others and overseeing the performance of the Company's appointed Registrar and Transfer Agent.

C. OTHER MEETING

Independent Directors Meeting

During the year under review, the Independent Directors met on 2 February 2017 inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors;
- Evaluation of the Board of Directors as a whole;
- Evaluation of the performance of the Chairman and Vice Chairman of the Company, taking into account the view of the Executive and Non-Executive Directors; and
- The quality, quantity and time lines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the meeting except Mr. Ashok Jaipuria.

D. GENERAL BODY MEETINGS

Annual General Meeting

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2015-16	7 September 2016	12.00 Noon.	Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata – 700 020
2014-15	23 September 2015	11.00 a.m.	
2013-14	27 September 2014	11.00 a.m.	Somany Conference Hall, MCC Chamber of Commerce & Industry,15-B, Hemanta Basu Sarani, Kolkata – 700 001

Four Special Resolutions were passed at the Annual General Meetings held during the last three financial years.

Date of Annual General Meeting	No. of Special Resolutions passed		Particulars
7 September 2016	2	1.	Adoption of new set of Articles of Association of the Company in accordance with Companies Act, 2013
		2.	Re-appointment of Mr. Sandip Somany (DIN: 00053597) and re-designate as Vice Chairman and Managing Director
23 September 2015			NIL
27 September 2014	2	1.	Re-appointment of Mr. Rajendra Kumar Somany as Chairman and Managing Director of the Company w.e.f. 9 January 2015.
		2.	Authorisation to enter into Consultancy Contract with M/s. G. L. Sultania & Co., proprietor Mr. G. L. Sultania Non-Executive Director of the Company for a period of 3 years w.e.f. 1 April 2014.

Extra Ordinary General Meeting

During the financial year 2016-17, no Extra Ordinary General Meeting was held. However, a meeting of Shareholders was convened on 6th January, 2017, as per Order of Hon'ble High Court, Calcutta, for approval of Scheme of Arrangement between the Company and Hindware Home Retail Private Limited.

Postal Ballot

During the financial year 2016-17, the Company conducted Postal Ballot once, the results of which were declared on 6 July 2016. Two resolutions were passed through Postal Ballot, the details of which are as under:

Sl. No.	Special Resolution	Votes cast in favour		Votes cast against		Date of declaration of results
		No. of votes	%	No. of votes	%	
1	Increase in the borrowing power of the Board of Directors u/s 180(1)(c) of the Companies Act, 2013	49987643	90.92	4993989	9.08	6 July 2016
2	Issue of Non-Convertible Debentures on Private Placement basis	54070468	98.35	909470	1.65	6 July 2016

Mr. Parvin Kumar Drolia, Practicing Company Secretary, Kolkata, was appointed to act as scrutinizer of the Company to conduct the Postal Ballot and remote e-voting process in a fair and transparent manner.

There is no immediate proposal for passing any resolution through postal ballot.

Procedure for Postal Ballot(s)

In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 108, 110 and other applicable provisions of the Companies Act, 2013 read with related rules, the company engaged the services of Central Depository Services (India) Limited (CDSL) for the purpose of providing remote e-voting facility to all its members. The members were provided with the option to vote either by physical ballot or e-voting.

The Company dispatched the postal ballot notice and forms along with postage prepaid business reply envelopes to all its members whose names were appearing on the register of member/list of beneficiaries as on cut-off dates. The postal ballot notice were sent to the email addresses of members who have registered their email id with their depository participants (in case of electronic shareholding)/ the company's Registrar and Share Transfer Agent (in case of physical shareholding). The Company also placed the notice on its website and published the same in the newspapers declaring the details of completion of dispatch and other requirement as mandated under the Act and applicable rules.

Voting rights were reckoned on the paid-up value of the shares registered in the name of the members as on the cut-off date. Members who desired to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-voting and the members who desired to exercise their votes by physical postal ballot form were requested to return the duly completed and signed form, to the scrutinizer on or before the close of voting period.

The scrutinizer submitted his reports to Mr. G.L.Sultania, Director of the Company after completion of the scrutiny and the consolidated results of the voting by postal ballots and e-voting and then Mr. G.L.Sultania, announced the result on 6 July 2016. All the proposed resolutions were passed with requisite majority and the results of postal ballots are also displayed on the website of the Company, www.hindwarehomes.com, besides being communicated to the stock exchanges. The date of declaration of the results by the Company is the date of passing of the resolutions.

E. DISCLOSURES

Disclosure of Accounting Treatment

The Company followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

Risk Management

The Company has adopted a Risk Management Policy which establishes various levels of accountability and overview within the Company.

The Company has been taking necessary steps to mitigate foreseeable business risks. Business risk evaluation and management is an ongoing and continuous process within the Company and regularly updated to the Audit Committee.

Strictures/Penalties

No strictures/penalties were imposed on the Company by Stock Exchanges or SEBI or any statutory authority, or any matter related to capital markets during the last three years.

Proceeds from public issues, right issues, preferential issues

During the financial year 2016-17, the Company did not raise capital through public, rights and/or preferential issue.

Management

The Management Discussion and Analysis Report forms a part of the Annual Report and is in accordance with the requirements laid down in Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

No material transaction was entered into by the Company with the Promoters, Directors or the Senior Management that may have a potential conflict with the Company's interest.

Vigil Mechanism (Whistle Blower) Policy

It is a recognized and globally accepted fact that a genuine whistle blower can safeguard a company against any fraud, malpractice or wrong doing.

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal, unethical behavior, malpractice, impropriety, abuse or wrongdoing. The Company has a Vigil Mechanism (Whistle Blower) Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct.

The email id where employees can post their complaints/ observations is "vigilmech@hindware.co.in". During the year under review, no employee was denied access to Audit Committee.

Performance Evaluation

Pursuant to the provision of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually, Chairman and Vice Chairman as well as the evaluation of the working of its Nomination and Remuneration Committee. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Boards functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligation and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman, Vice Chairman and the Non-Independent Directors was carried out by the Independent Director and the Directors expressed their satisfaction with the evaluation process.

HSIL Code of Conduct for the Prevention of Insider Trading

The Company implemented a Code of Conduct for the Prevention of Insider Trading, in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended till date.

The Code of Conduct for Prevention of Insider Trading, inter alia, prohibits purchase/sale of Company's shares, while in possession of Company's unpublished and price-sensitive information and accordingly necessary procedures have been laid down for the Promoters, Directors, Designated Employees, Key Managerial Personnel, Connected Persons and others as prescribed under the said code for trading in the Company's securities.

HSIL - code of practices and procedures for fair disclosures is available on the Company's website www.hindwarehomes.com.

Subsidiary Companies

HSIL does not have any material non-listed Indian subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are circulated with the agenda of the Board meeting to the Company's Board of Directors. The policy on Material Subsidiaries is available on the Company's website at the link http://www.hindwarehomes.com/pdf/Material-Subsidiary-Policy-Version-II.pdf.

Particulars of Director seeking re-appointment

Pursuant to provisions of Companies Act, 2013, Mr. G. L. Sultania shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Pursuant to Section 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies

Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the present term of Dr. Rajendra Kumar Somany as Chairman and Managing Director of the Company will expire by efflux of time on 8 January 2018. The Board of Directors at its meeting held on 18 May 2017, have recommended to re-appoint Dr. Rajendra Kumar Somany as Chairman and Managing Director of the Company, for a further period of 3 years, commencing from 8 January 2018 subject to the approval of Shareholders at the ensuing Annual General Meeting of the Company.

For detailed particulars on the Directors seeking re-appointment, please refer to Notice dated 18 May 2017 of the Annual General Meeting scheduled to be held on 3 August 2017.

Training of Independent Directors

As per Regulation 25 (7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall provide suitable training to the Independent Directors to familiarize them with the Company, their roles, rights, responsibilities, nature of the industry in which the Company operates, business model of the Company and any other relevant information, if any. The details of such training imparted are also required to be disclosed in the Annual Report.

The Company provides orientation and business overview to all its new Directors and provides materials and briefing sessions periodically to all Directors which assist them in discharging their duties and responsibilities.

The details of programmes conducted for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: http://www.hindwarehomes.com/training_of_directors.aspx.

Further, the Company issues a formal letter of appointment to Independent Directors outlining their roles, responsibilities, functions and duties as an Independent Director. The format of the letter of appointment is available on the Company's website at the link: http://www.hindwarehomes.com/appointment_letter_independent_director.aspx.

Adoption of mandatory and non – mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

The Company has complied with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted following non-mandatory requirement of the Listing Regulations:

Audit Qualification

The Company is in the regime of unqualified financial statements.

Reporting of Internal Auditor

The Internal Auditor directly reports to the Audit Committee.

F. MEANS OF COMMUNICATION

Results

The Quarterly, Half yearly and Annual results are submitted to the Stock Exchange(s) in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the quarterly/half yearly/annual results in the prescribed format, are published within 48 hours in any prominent daily newspaper, such as The Economic Times, The Financial Express and Ekdin vernacular newspaper. All vital information of the Company's performance, including Financial Results, Annual Reports of the last three years and Shareholding Pattern have been posted on the Company's website, www.hindwarehomes.com.

News releases, presentations, among others

Official news releases and official media releases etc. are displayed on the Company's website, www.hindwarehomes.com.

Presentation

HSIL makes financial presentations to institutional investors, mutual funds and others who have invested or intends to invest in the Company's share capital and such presentations are available on the website of the Company.

Website

The Company's website, www.hindwarehomes.com contains a separate dedicated section 'Investors' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

Annual Report

The Annual Report containing, inter alia, Audited Financial Statement, Consolidated Financial Statements, Directors' Report, Auditors' Report, Business Responsibility Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website, www.hindwarehomes.com.

NSE Electronic Application Processing System (NEAPS)

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, results and other requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, media releases, among others are filed electronically on NEAPS, by the Company.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre')

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, result media releases, among others are also filed electronically on the Listing Centre by the Company.

SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Designated Exclusive email-id

The Company has designated the email-id hsilinvestors@hindware.co.in exclusively for investor servicing.

G. SHAREHOLDER INFORMATION

Company Registration Details

The Company is registered with the Registrar of Companies, in the State of West Bengal, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L51433WB1960PLC024539.

Contact Information

Registered Office
2, Red Cross Place
Kolkata - 700 001
Phone: +91 - 33 -2248 7406/07
email: hsilinvestors@hindware.co.in

Corporate Office
301-302, Park Centra
Sector-30, National Highway – 8
Gurugram, Haryana
Phone: +91- 124-477 9200
Fax: +91-124-429 2898-99
Email: payal@hindware.co.in

Plant locations

Location	Address
Haryana	• Bahadurgarh, District Jhajjar -124507
Rajasthan	• G 470-471, Phase I, RIICO Industrial Area, Bhiwadi–301019 • Plot No. SPI - 254, RIICO Industrial Area, Kaharani, Bhiwadi - 301019
Telangana	• Glass Factory Road, Off Motinagar, P.B No. 1930, Sanathnagar, P.O. Hyderabad - 500 018 • Somanypuram, Brahmanapally Village, Bibinagar, District Nalgonda – 508126 • Glass Factory Road, Thukkapur Road, Bhongir, District Nalgonda - 508116 • Survey No.208 to 218, Sitarampur*, Patancheru (Mandal), Sangareddy Dist., Isnapur-502 307
Karnataka	• Garden Polymers, KIADB Industrial Area, Lakamanhalli, Dharward – 580004
Uttarakhand	• Khasra No.122, Pachwadoon, Mauja Central Hope Town, Pargana, Selaqui, Dehradun – 248197

* AGI Closures & CPVC Pipe & Fitting Plant under construction

Company Secretary

Ms. Payal M. Puri

Annual General Meeting

The 57th Annual General Meeting of the Company is scheduled to be held on Thursday, 3 August 2017, at 11:00 a.m. at Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020

Financial Calendar

The Company follows April to March as its financial year. The results for every quarter, beginning from April, will be declared within 45 days of the end of quarter, except for the last quarter, which will be submitted, along with the annual audited results within 60 days of the end of the last quarter, as permitted under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Date of Book Closure

22 July 2017 to 3 August 2017 (both days inclusive)

Dividend Payment Date

Latest by 8 August 2017

Listing on Stock Exchanges

The Stock Exchanges, at which the Company's equity shares are listed, and the respective stock codes are:

National Stock Exchange of India Ltd. (NSE): HSIL

BSE Ltd. (BSE): 500187

International Securities Identification Number (ISIN) of the Company's equity shares, having face value of ₹2 each, is INE 415A 01038.

Listing fees for the financial year 2017-18, have been paid to the Stock Exchanges.

Registrar and Transfer Agent

M/s. Maheshwari Datamatics Private Limited is the Company's Registrar and Share Transfer Agent (RTA) for its equity shares. The contact details of RTA are:

Maheshwari Datamatics Private Limited
23, R. N. Mukherjee Road, 5th Floor, Kolkata –700 001
Phone +91-33- 2243 5809/5029
Fax +91-33- 2248 4787
Email: mdpldc@yahoo.com

Share Transfer System

The Company has constituted a Share Transfer Committee to approve the transfer of securities. Share transfers, which are received in physical form, are processed and the share certificates returned within 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The dematerialised shares are transferred directly to the beneficiaries through the depositories.

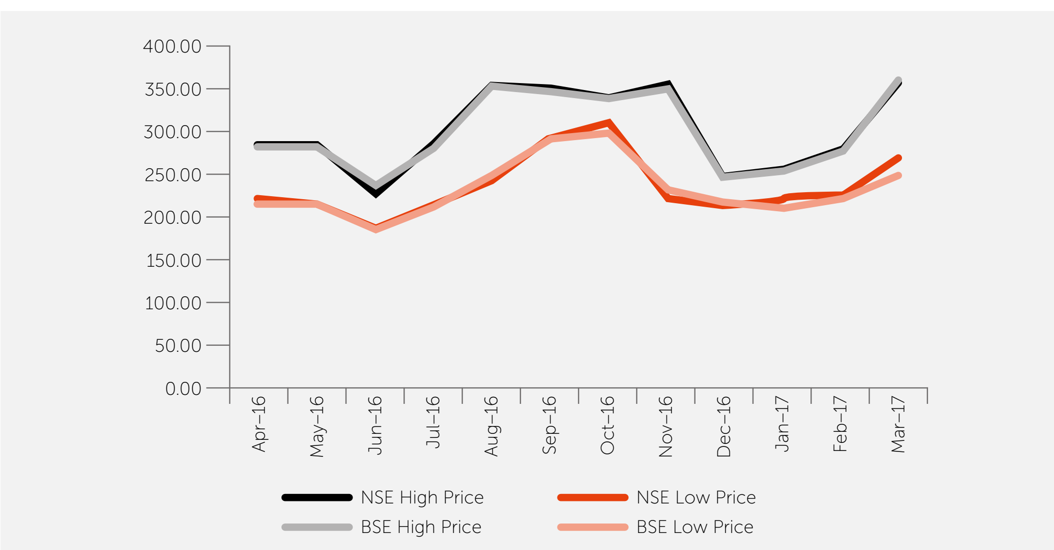
Market Price Data

Monthly stock market data of the Company's high-and-low prices of equity shares during 2016-17 and their performance, in comparison with the broad-based index, comprise:

Monthly Stock Market Data

Month	NSE High Price	NSE Low Price	BSE High Price	BSE Low Price
Apr-16	322.00	280.00	322.00	280.10
May-16	319.85	275.35	320.00	276.30
Jun-16	280.40	255.50	285.00	255.40
Jul-16	319.50	272.00	318.95	272.60
Aug-16	369.70	295.15	369.50	295.30
Sep-16	369.50	326.00	368.00	327.40
Oct-16	358.75	337.10	359.85	333.65
Nov-16	368.80	280.05	368.60	280.00
Dec-16	295.35	273.20	296.10	273.00
Jan-17	301.50	277.00	302.00	271.65
Feb-17	318.65	278.40	318.50	277.20
Mar-17	375.10	309.25	374.50	300.05

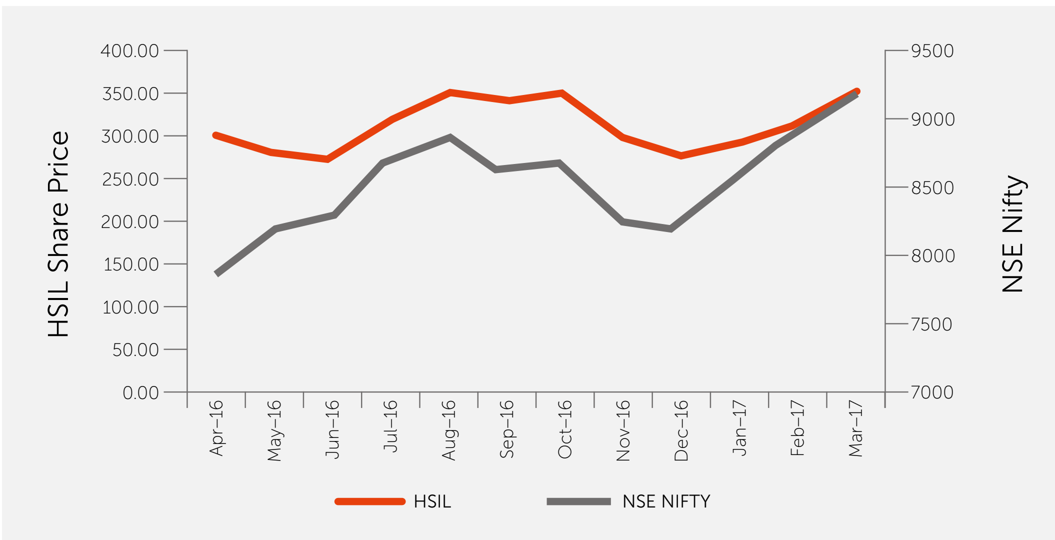
Monthly NSE and BSE prices of equity shares



Monthly closing price of HSIL shares on NSE and NSE NIFTY

Month	HSIL	NSE Nifty
Apr-16	297.60	7849.80
May-16	279.50	8160.10
Jun-16	274.95	8287.75
Jul-16	313.10	8638.50
Aug-16	347.20	8786.20
Sep-16	340.00	8611.15
Oct-16	349.65	8625.70
Nov-16	293.80	8224.50
Dec-16	275.40	8185.80
Jan-17	288.75	8561.30
Feb-17	310.95	8879.60
Mar-17	349.85	9173.75

Monthly closing price of HSIL shares on NSE and NSE NIFTY



Distribution of Shareholding as on 31 March 2017

Number of Shares held	Shareholders		Shares	
	Number	% of Total	Number	% of Total
Up to 500	22123	82.63	2375470	3.29
501-1,000	2587	9.66	2057269	2.85
1,001-2,000	1141	4.26	1663057	2.30
2,001-3,000	317	1.18	799504	1.11
3,001-4,000	155	0.58	545355	0.75
4,001-5,000	102	0.38	473562	0.65
5,001-10,000	163	0.61	1199657	1.66
10,001 and above	186	0.70	63182521	87.39
Total	26774	100.00	72296395	100.00

Category of Shareholders as on 31 March 2017

Category	No. of Shares of ₹2 each	% of Total
Promoter, Directors and Relatives	35025556	48.45
Mutual Fund/UTI	17829480	24.66
Alternative Investment Funds	211291	0.29
Foreign Portfolio Investors	4527662	6.26
Financial Institutions/Banks	258748	0.36
Insurance Companies	500	0.00
Foreign Institutional Investors	1104882	1.53
Foreign Companies	NIL	NIL
Domestic Companies/Bodies Corporate	2150845	2.98
Non-resident Individual	1042359	1.44
Others	10145072	14.03
Total	72296395	100.00

Dematerialization of Shares

The detail of shares dematerialized and those held in physical form, as on 31 March 2017.

Particulars of Shares	Shares of ₹2 each		Shareholders	
	Number	% of Total	Number	% of Total
Dematerialized Form				
National Securities Depository Ltd. (NSDL)	68577070	94.86	17060	63.72
Central Depository Services (India) Ltd. (CDSL)	2583325	3.57	7394	27.61
Physical Form	1136000	1.57	2320	8.67
Total	72296395	100.00	26774	100.00

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

H. CODE OF CONDUCT

The Company's Board of Directors laid down and adopted a Code of Conduct under Corporate Governance for all the Directors and the Senior Management Personnel of Company. The said Code of Conduct has also been posted on the Company's website. The Board members and Senior Management Personnel have affirmed their compliance with the Code of Conduct for 2016-17.

A declaration signed by the Company's Chairman and Managing Director to this effect is enclosed at the end of this report.

I. CEO AND CFO CERTIFICATION

The Certificate, as required under Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly signed by the Chairman and Managing Director and Chief Financial Officer, was placed before the Board, and the same is provided as Annexure to this report.

J. CERTIFICATION BY AUDITORS

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's Statutory Auditors, M/s Walker Chandiok & Co LLP, have verified the compliances of the Corporate Governance by the Company. We have obtained a Certificate affirming the compliance from M/s Walker Chandiok & Co LLP, the Company's Statutory Auditors, and the same is enclosed to this Report and forms a part of the Annual Report.

Declaration by Chairman and Managing Director under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding adherence to the Code of Conduct

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and the Senior Management Personnel have affirmed compliance with their respective code of conduct, as applicable to them, for the year ended 31 March 2017.

Place: Gurugram
Date: 18 May 2017

Dr. Rajendra Kumar Somany
Chairman and Managing Director

CEO/CFO CERTIFICATION

To

The Board of Directors

We hereby certify that:

a) We have reviewed the financial statements and the cash flow statement of HSIL Limited ('the Company') for the year ended 31 March 2017 and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There were, to the best of our knowledge and belief, no transactions entered into by the Company during the above-mentioned period, which were fraudulent, illegal or violate the Company's Code of Conduct.

c) We accept the responsibility of establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the Company's internal control systems; we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, and the steps we have undertaken or propose to undertake to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

   i. Significant changes in internal control over financial reporting during the above-mentioned period;

   ii. Significant changes in accounting policies, if any, during the above-mentioned period and that the same have been disclosed in the notes to the financial statements;

   iii. Instances of significant fraud, of which we have become aware, and the involvement therein, if any, of the management or an employee having a significant role in the internal control system over financial reporting.

Dr. Rajendra Kumar Somany
Chairman and Managing Director

Sandeep Sikka
Chief Financial Officer

Place: Gurugram
Date: 18 May 2017

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
HSIL Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 13 September 2016.

2. We have examined the compliance of conditions of corporate governance by HSIL Limited ('the Company') for the year ended on 31 March 2017, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI') and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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.

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2017.

   We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Lalit Kumar
Partner
Membership No.: 095256

Place: Gurugram
Date: 18 May 2017

BUSINESS RESPONSIBILITY REPORT

HSIL is committed to doing business ethically. There is a clear business mandate that governs all actions at HSIL through a Code of Conduct that every employee and business partner is familiar with. We, at HSIL, believe while it is important to fulfill our primary goal of doing business – 'how' we achieve our goals is critical. HSIL is committed to act with compassion, integrity, honesty and high ethics in all situations. The Company is also committed to protect global environment, to enhance the welfare of communities where HSIL people live and work and to be compliant with laws and regulations of the country.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L51433WB1960PLC024539
2. **Name of the Company:** HSIL Limited
3. **Registered address:** 2, Red Cross Place, Kolkata - 700001, West Bengal
4. **Website:** www.hindwarehomes.com
5. **E-mail ID:** hsilinvestors@hindware.co.in
6. **Financial Year reported:** 1 April 2016 – 31 March 2017
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**
   i. 3232 - Sanitaryware
   ii. 3490 - Faucets
   iii. 3213 - Glass Containers
   iv. 3130- Pet bottles
8. **List three key products/services that the Company manufactures/provides (as in balance sheet):**
   i. Sanitaryware
   ii. Faucets
   iii. Glass Containers
9. **Total number of locations where business activity is undertaken by the Company:**
   i. Number of International Locations: NIL
   ii. Number of National Locations: 21 (Factories, including Head office, Registered office and Regional offices)

10. Markets served by the Company - Local/State/National/International:

LOCAL	STATE	NATIONAL	INTERNATIONAL
Yes	Yes	Yes	Yes

SECTION B: FINANCIAL DETAILS OF THE COMPANY (RUPEES IN LAKH)

1	Paid up Capital (₹):	₹1445.97 lakh (1445.93+.04 forfeited)
2	Total Turnover (₹):	₹222990 lakh
3	Total profit after taxes (₹):	₹10301 lakh
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) :	During the year under review, the Company has spent ₹298.02 lakh, which is more than 2% of average net profit of the Company during last 3 financial years

5. **List of activities in which expenditure in 4 above has been incurred:**

Sl. No.	Projects
1	Construction of Household Toilets
2	Sanitation and Safe Drinking Water Facility
3	Community Water Centers
4	Swastha Sampada(s) (Health Care)
5	Basic Literacy Centre (Prathamik Saksharata Kendra)
6	Kushal Vikas (Skill Development-Computer Learning Centre)
7	Skill Enhancing Vocational Training Centers (Kaushal Vridhi)
8	Samarth (Cutting and Tailoring for Women)
9	Construction of Class Rooms in School
10	Udaipur Tales (Promotion of Traditional Art and Culture)
11	Contribution towards Socio – Economic Development

Detailed information about Corporate Social Responsibility (CSR) Activities of the Company is available as a part of Directors Report which forms a part of the Annual Report. Refer to Annexure E of the Directors Report.

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/Companies?** Yes, Company has six(6) subsidiary companies as on 31 March 2017 including step down subsidiaries.

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If Yes, then indicate the number of such Subsidiary Company(s).**

   The Company has five (5) Foreign subsidiaries (including step down), all these subsidiaries are complying with the applicable laws of their country. Hindware Home Retail Private Limited is an Indian subsidiary and follows the practices which are in line with the Company's Business Responsibility Policy.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If Yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] –**

   The Business Responsibility policies are applicable to the management and all the employees of the Company. The Company encourages adoption of BR initiatives by its Business Partners. Based on dialogue with the suppliers and distributors of the Company, currently less than 30% of other entities participate in the BR initiatives of the Company.

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for Business Responsibility**

   a) Details of the Director/Directors responsible for implementation of the BR policy/policies

   - DIN Number : 00053557
   - Name : Dr. Rajendra Kumar Somany
   - Designation : Chairman and Managing Director

   b) Details of the BR Head

No.	Particulars	Details
1.	DIN Number (if applicable)	00053557
2.	Name	Dr. Rajendra Kumar Somany
3.	Designation	Chairman and Managing Director
4.	Telephone number	Phone +91-033-22487406/7
5.	e-mail ID	brr@hindware.co.in

2. **Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Businesses should promote the well-being of all employees.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Businesses should respect, protect and make efforts to restore the environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8: Businesses should support inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a. **Details of Compliance (Reply in Y/N)**

Sl. No	Questions	Business Ethics	Sustainability	Employees' Well-being	Stakeholders' Welfare	Human Rights	Environment	Regulatory Policy	Equitable Development	Customer Responsibility
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Yes, the policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Yes, the Policies have been approved by the Board and signed by the Chairman and Managing Director and other Heads of businesses of the Company.								

5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	http://www.hindwarehomes.com/pdf/Business-Responsibility-Policies.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes, any grievances or feedback to the policies can be sent to brr@hindware.co.in								
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	This is the first Business Responsibility Report of the Company.								

b. If answer to S. No. 1 against any principle, is 'No', please explain why:

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles	Not Applicable								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within the next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. **Governance related to BR**

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year :

The BR Head annually assesses the BR performance of the Company.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company has published its first Business Responsibility Report for the FY 2016-17 which forms a part of the Company's Annual Report for the FY2016-17. The same can be accessed at http://www.hindwarehomes.com/annualreports.aspx#section2

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

   The Company's policies on Ethics, Transparency and Accountability, along with the Code of Conduct, is applicable to all individuals working in the Company. For the subsidiaries, the code is applicable in line with the local requirements prevailing in the country of operation. The Company encourages its business partners to follow the code.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

Stakeholder	Complaints received during FY 16 -17	Complaints Resolved during FY 16 -17	Complaints Resolved (%)
Investors' Complaints	22	22	100
Consumers' Complaints	380286	377697	99.32
Total	380308	377719	99.32

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   We have developed many water saving products which have got Star Rating from IAPMO for water saving. 3 of such products are as under:

   a. ELBA One Piece Closet.

   b. Constellation Wall Mounted Closet.

   c. CEDAR One Piece Closet.

   However, in Packaging Products Division, the Company has developed Press & Blow and Blow & Blow bottle, which is helping to contribute positively by reducing Green House Gas (GHG) emissions.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   - Building Products Division

   Each product when used in toilet saves around 65000 liters of water per family per year.

   - Packaging Products Division

   Each MT of Glass Production requires the below resources:

   Electricity : 397 Units

   Furnace oil : 122 Kgs.

   Electricity and Fuel consumption for producing 8300 MT of glass could be saved.

a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   - Building Products Division

   Reduction of raw material cost due to incorporating more materials available in vicinity of plants in place of long distance sourcing resulted in raw material cost saving.

   - Packaging Products Division

   Reduction of raw material cost by developing local vendors and increasing the share of business to local vendors for procuring the fuels.

b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   - Building Products Division

   52% of water saving than normal products estimated in 20 Products.

   - Packaging Products Division

   Fuel consumption for transporting 8300 MT of glass saved by reducing the bottle weight by 15 to 20 per cent on beer and chemical segment.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   The company has been procuring most of the inputs from sustainable sources and our R&D which is recognized by the Department of Science and Technology, Government of India, is continuously working on finding alternate sources of mineral raw materials. There is a proper inventory monitoring system in place to ensure procurement of raw materials as per production requirement. The company has also worked hard to reuse part of rejected material in the manufacturing process.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   - Building Products Division

   Most of our mineral raw materials are procured from the nearest areas to the manufacturing locations and these vendors are SMEs. For our faucet manufacturing, many components are procured from small vendors located near the plant. One of the packing material which is Paddy Straw is procured from farmers and card board boxes are also procured from the local vendors.

   - Packaging Products Division

   Except Soda Ash which is imported, all the raw materials (glass cullet, quartz sand, all card board packaging materials) are sourced from local suppliers within Hyderabad. The fuel such as Pet Coke, Diesel, Furnace Oil, LPG are sourced from the local suppliers both PSUs and Private.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5 - 10%, >10%). Also, provide details thereof, in about 50 words or so.

   - Building Products Division

   For sanitaryware manufacturing, part of such rejection is used by regrinding. In faucet plant, there is no wastage and all rejected items are re-melted and reused.

   - Packaging Products Division

   a) Waste generated from glass bottle production (Rejections) during manufacturing is 100% recycled which is >10%

   b) ESP (Electrostatic Precipitator) was installed to remove Sox and particulate matter from chimney flue gas. Waste generated from the ESP plant is 100% reused in the batch.

   c) Effluents are treated and recycled > 10%

Principle 3: **Businesses should promote the well-being of all employees**

1. Please indicate the Total number of employees – 3805 (permanent employees)
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis - 3695
3. Please indicate the Number of permanent women employees - 104
4. Please indicate the Number of permanent employees with disabilities - 2
5. Do you have an employee association that is recognized by management - Yes
6. What percentage of your permanent employees is members of this recognized employee association? – Packaging Products Division - 46%, Building Products Division: Sanitaryware Plants – 40%, Faucet Plants - NIL.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up - gradation training in the last year?

   (a) Permanent Employees : Packaging Products Division - 77%, Building Products Division – 61%, Retail Division – 78.16%

   (b) Permanent Women Employees : Building Products Division - 83%, Retail Division – 73.33%

   (c) Casual/Temporary/Contractual Employees : Packaging Products Division – 73%, Building Products Division – 70%

   (d) Employees with Disabilities - Nil

Principle 4: **Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

1. Has the company mapped its internal and external stakeholders? Yes/No

   Yes, the Company's key stakeholders include employees, suppliers, customers, business partners, regulatory agencies and local communities around its sites of operation.

2. Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders.

   Yes, the Company has identified the disadvantaged, vulnerable and marginalized sections within the local communities around its sites of operation.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   During the year under review, the Company provided cutting and tailoring skills to the women's of local community under its Corporate Social Responsibility activities. Various other activities are covered under Principle 8.

Principle 5: **Businesses should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   The Company follows its policy on Human Rights which are applicable to all employees in the Company. For its subsidiaries, the policy is applicable in line with the local requirements prevailing in the country of operation. The Company encourages its Business Partners to follow the policy. HSIL discourages dealing with any supplier/contractor if it is in violation of human rights and also prohibits the use of forced or child labour at all manufacturing units /with business associates.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   No complaint was received pertaining to human rights violation during the Reporting period.

Principle 6: Businesses should respect, protect and make efforts to restore the environment.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.

   The policy related to Principle No. 6 covers all our manufacturing plants as well as major suppliers and contractors.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   The Company is aware of environmental issues and always strives to reduce the environmental impact:

   - Building Products Division

   The Company has already installed 800 KW solar power generation system in two of its plants. We also have installed the effluent treatment plants to treat the effluent water from the manufacturing process and reuse the same to a large extent. Our faucet plant is ZERO water discharge unit.

   We are developing more and more water saving products.

   - Packaging Products Division

   The Company has proposed to install ESP in the Flue gas line to emit pollution free air into atmosphere.

3. Does the company identify and assess potential environmental risks? Y/N

   Yes, the Company is regularly working to assess potential environmental risk to a great extent and has shifted from oil firing equipments to firing by cleaner fuel which is natural gas/LPG. This has resulted in reduction of sulphur and CO emissions.

   Saving water in its product usages is continuous effort.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   - Building Products Division

   The company has installed all equipments required for meeting emission norms for Air and Water and have been regularly submitting test reports to the environmental authorities in the respective states. The Company also has rainwater harvesting systems in all plants.

   - Packaging Products Division

   The Company has Natural Harvesting pits and rain water harvesting bunds made to collect the rain water, Dust collectors have been provided to control the dust emissions in raw material handling plant, Online continuous stack monitoring system provided for our chimney. Green belt developed in 9 acres with different varieties of plants.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   - Building Products Division

   Yes, as already mentioned above, we have installed 800 KW solar power generation systems and we have been regularly working and achieving reduction in power and fuel consumption per unit of production.

   - Packaging Products Division

   Yes, we have bought 59 solar REC (Renewable Energy Certificate) and 1115 Non solar REC. Air Quality Monitoring Systems of M/s. Swan Environment are installed and monitoring continuously.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   - Building Products Division

   We have installed effluent treatment plants, sewerage treatment plants and dust collections systems wherever required in the manufacturing process and are meeting all prescribed emission norms.

   - Packaging Products Division

   We have installed, Go Green gas based AC's, LED Lighting, Energy Efficient Motors, Heatless Vaporizers and waste/emission generated by the Company are within the permissible limits.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   Yes, Hon'ble National Green Tribunal has issued an order dated 14 March 2017 for revocation of consent to operate and direction for closure of our Kaharani Faucets unit situated in the district Alwar in the State of Rajasthan, under Section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974 and Section 21/22 of the Air (Prevention and Control of Pollution) Act, 1981.

   It is endeavor of the Company to comply with all applicable laws including Environment Laws and has installed prescribed equipment for effluent and sewerage treatment at Kaharani manufacturing unit and that unit is a zero water discharge unit. Accordingly, the Company has complied with the prescribed law and disagrees with the contentions of the Rajasthan State Pollution Control Board and has initiated necessary legal recourse against the order of Rajasthan State Pollution Control Board and expecting favourable response against the same.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   (a) PHD Chamber of Commerce and Industry

   (b) Federation of Indian Chambers of Commerce and Industry

   (c) Indian Plumbing Skills Council

   (d) Indian Council of Sanitaryware Manufacturers'

   (e) The All India Glass Manufacturers' Federation

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   Issues from various States, where we have our plants and we get affected, because of change in applicable laws, we write to them to take up the matter with respective Government departments.

Principle 8: Businesses should support inclusive growth and equitable development.

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company undertakes the initiatives through the CSR Committee of the Board as per the CSR Policy of the Company. A brief outline of the policy for undertaking the CSR activities of the company includes the following:

   - Promoting healthcare, water and sanitation programmes;
   - Promoting education, enhancing vocational skills and livelihood enhancement projects;
   - Rural development, social upliftment programmes and promotion of art and culture.

   These projects are in accordance with schedule VII of the Companies Act, 2013 and rules made thereunder.

2. **Are the programmes/projects undertaken through in house team/own foundation/external NGO/ government structures/any other organization?**

   The aforesaid projects have been carried out by the Company directly and/or through implementing agencies. The details can be found in Annexure E of the Directors Report which forms a part of the Annual Report.

3. **Have you done any impact assessment of your initiative?**

   Yes, CSR committee internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the programme in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

4. **What is your company's direct contribution to community development projects Amount in INR and the details of the projects undertaken.**

   The Company spent an amount of ₹298.02 lakh on major community involvement projects. More information on CSR activities of the Company are disclosed in Annexure E of the Directors Report which forms a part of the Annual Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   All the business locations of HSIL continuously engage with communities surrounding their operations through focused meetings. This is done to gauge the needs, priorities and expectations of the local community. Initiatives are thus designed and delivered in a transparent manner in line with inputs from the community itself. This is done to ensure flow of benefits to communities even if the Company is unable to support the programme in the future. This ensures successful adoption by communities to the extent possible.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year:** 0.68%

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).**

Our packaged products carry information as required under Legal Metrology Act and related rules. Besides this we also provide information related to product installation, do's and dont's for product usage and terms for claiming benefits of warranty.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   A Dealer filed a case against the Company before Hon'ble Competition Commission of India (CCI) in the year 2013 for violation of certain provisions of Competition Act. The Hon'ble CCI vide order dated 5 February 2014 found that no prima facie case was made out against the Company and closed the matter u/s 26 (2) of Competition Act. The dealer preferred an appeal before the Hon'ble Competition Appellate Tribunal (COMPAT) against the said order and the Hon'ble COMPAT vide its order dated 7 July 2014 disposed off the Appeal by giving liberty to the dealer to approach the Commission for any possible violations of the Competition Act. Subsequently the dealer filed the case for the second time before CCI wherein again Hon'ble CCI found that no prima facie case of contravention of the provisions of Competition Act was made out against the Company. Thereafter the dealer filed appeal before Hon'ble COMPAT against the order of Hon'ble CCI and said appeal was dismissed by Hon'ble COMPAT vide order dated 29 November 2016. However, the said dealer has preferred an appeal before Hon'ble Supreme Court against the said Order of Hon'ble COMPAT and said appeal is subjudice.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   Since the inception of the Company, it has been our passion to deliver world class solutions, suiting every requirement of our customers, through constant development and unmatched customer service & support. With existence over 57 years, HSIL has established itself as leading and trusted brand, known for excellence in innovation and prompt after sales services. In order to maintain quality of service, we have developed 4 digit Unique Customer Satisfaction secret Code by adopting advanced technology. This system generated secrete code is being delivered only to customer's mobile through auto SMS at the time of registration of complaint and customer will share this Code with Service Engineer only if they are completely satisfied with our service. This innovative, technology driven, system generated secrete code has helped us to measure C-SAT and hence to ensure world class service support to our valuable customers.

FINANCIAL SECTION

Independent Auditor's Report

To the Members of **HSIL Limited**

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of HSIL Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 10 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the separate financial statements of the Demerged Undertaking, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2017, its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note 57(b) to the standalone financial statements regarding the utilisation of the Business Reconstruction Reserve ('BRR') created in accordance with a scheme of arrangement (the 'Scheme') approved by the Hon'ble Calcutta High Court. The Scheme provides that the Board of Directors of the Company can utilise the BRR, *inter alia*, to recognize write off of old non-moving and slow moving inventory. In accordance with the Scheme, the Board of Directors of the Company have credited an amount of ₹838.63 lakh to the statement of profit and loss towards write off of old non-moving and slow moving inventory. The applicable accounting standards and accounting principles generally accepted in India do not provide for credit of amounts released from reserves to the statement of profit and loss. Had the accounting principles generally accepted in India been followed, the expense in the statement of profit and loss would have been higher by ₹838.63 lakh and the profit after tax (including other comprehensive income) and the balance of other equity would have been lower by ₹838.63 lakh. Our audit opinion is not qualified in the respect of this matter.

Other Matters

10. We draw attention to Note 56 to the financial statements of the Company pertaining to the demerger of the retail business undertaking of Hindware Home Retail Private Limited ('Demerged Undertaking') into the Company. We did not audit the financial statements of the Demerged Undertaking, whose financial statements reflect total assets of ₹4,916.75 lakh and net assets of ₹938.52 lakh as at 31 March 2017, total revenues of ₹9,592.68 lakh and net cash outflows amounting to ₹40.72 lakh for the year ended on that date. The financial statements related to the Demerged Undertaking have been audited by another firm of chartered accountants whose report has been furnished to us by the management and our opinion on standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of this Demerged Undertaking, and our report in terms on sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid Demerged Undertaking, is based solely on the reports of the other auditor.

    Our opinion above on the standalone financial statements and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditor.

11. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 23 May 2016 and 18 May 2015 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

13. Further to our comments in Annexure I, based on our audit and on the consideration of the report of the other auditor on the separate financial statements of the Demerged Undertaking, as required by Section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors of the Company are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the Demerged Undertaking and the operating effectiveness of such controls, refer to our separate report in Annexure II; and

g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on the separate financial statements of the Demerged Undertaking:

    i. the Company, as detailed in Note 50 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

    ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

    iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

    iv. the Company has provided disclosures in Note 58 to the financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, the total receipts, total payments and total amount deposited in banks are in accordance with the books of account maintained by the Company. However, in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of classification between Specified Bank Notes and other denomination notes of 'Permitted receipts', 'Non-permitted receipts', 'Permitted payments' and 'Amount deposited in banks' as disclosed under such Note.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Lalit Kumar
Partner
Membership No.: 095256

Place: Gurugram
Date: 18 May 2017

Annexure I

Annexure I to the Independent Auditor's Report of even date to the members of HSIL Limited, on the standalone financial statements for the year ended 31 March 2017

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit and based on the report of the other auditor of the Demerged Undertaking, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ lakh)	Amount paid under protest (₹ lakh)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Central Excise	27.81	-	FY 1987-89	Commissioner of Central Excise, Rohtak
The Central Excise Act, 1944	Central Excise	103.98	10.74	FY 2005-06	Customs, Excise and Service tax Appellate Tribunal
The Central Excise Act, 1944	Central Excise	166.12	40.00	FY 2009-10	Customs, Excise and Service tax Appellate Tribunal
The Central Excise Act, 1944	Central Excise	53.29	3.81	FY 2005-07	Customs, Excise and Service tax Appellate Tribunal
The Central Excise Act, 1944	Central excise	6.22	-	FY 2008-10	Commissioner, Manglore

Statement of Disputed Dues *(contd...)*

Name of the statute	Nature of dues	Amount (₹ lakh)	Amount paid under protest (₹ lakh)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Central excise	7.98	-	FY 2004-05 To 2005-06	Assistant Commissioner of Central Excise, Navanagar
The Central Excise Act, 1944	Central excise	8.19	-	January 2015 to December 2015	Assistant Commissioner of Central Excise, Hyderabad
Delhi Sales Tax Act, 1975	Sales tax	232.08	37.25	FY 2004-05 to 2011-12	Commissioner (Appeals), Sales-tax.
Karnataka Value Added Tax Act	Sales tax	5.93	-	FY 2012-13	Commissioner (Appeals), Sales-tax.
Andhra Pradesh Value Added Tax Act	Sales tax	6.94	3.19	FY 2011-12 and 2012-13	Appellate Deputy Commissioner Rural Division, Hyderabad.
Finance Act, 1994	Service tax	3.02	1.40	March 2006 to September 2006	Customs, Excise and Service tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service tax	2.57	2.57	July 2005 to March 2006	Customs, Excise and Service tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service tax	77.77	40.20	FY 2010-11 and 2011-12	The Hon'ble Supreme Court of India
Income-tax Act, 1961	Income-tax	3.84	-	Assessment year 2011-12	Commissioner Income-tax (Appeals), Calcutta

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Lalit Kumar
Partner
Membership No.: 095256

Place: Gurugram
Date: 18 May 2017

Annexure II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')

1. In conjunction with our audit of the standalone financial statements of HSIL Limited (the 'Company'), as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management

override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

Other Matter

9. We did not audit the IFCoFR of the Demerged Undertaking, whose financial statements reflect total assets of ₹4,916.75 lakh as at 31 March 2017, total revenues of ₹9,592.68 lakh and net cash out flows amounting to ₹40.72 lakh for the year ended on that date. Our report on the adequacy and operating effectiveness of the IFCoFR for the Company under Section 143(3)(i) of the Act in so far as it relates to the IFCoFR of the Demerged Undertaking is solely based on the report of the auditor of the Demerger Undertaking. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Lalit Kumar
Partner
Membership No.: 095256

Place: Gurugram
Date: 18 May 2017

Standalone balance sheet as at 31 March 2017

(₹ in lakh)

Particulars	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
1. Non-current assets				
(a) Property, plant and equipment	5	1,47,625.76	1,48,167.05	1,53,227.95
(b) Capital work-in-progress		15,157.87	6,252.97	3,354.28
(c) Goodwill	6	2,694.22	2,694.22	2,694.22
(d) Other intangible assets	7	390.79	513.08	714.92
(e) Financial assets				
(i) Investments	8	3,503.53	3,261.91	4,730.19
(ii) Loans	9	1,832.42	1,780.62	1,584.02
(iii) Other financial assets	10	42.90	888.04	1,249.64
(f) Income-tax assets (net)	11	5,436.72	2,838.90	-
(g) Other non-current assets	12	11,498.77	4,276.43	3,233.31
Total non-current assets		**1,88,182.98**	**1,70,673.22**	**1,70,788.53**
2. Current assets				
(a) Inventories	13	49,249.68	49,005.54	47,123.21
(b) Financial assets				
(i) Investments	14	10,455.14	-	-
(ii) Trade receivables	15	39,717.19	38,757.49	40,813.47
(iii) Cash and cash equivalents	16	13,956.41	1,552.26	1,939.57
(iv) Bank balances other than (iii) above	17	425.21	330.71	566.89
(v) Loans	18	139.87	115.53	227.64
(vi) Other financial assets	19	263.93	0.15	0.63
(c) Other current assets	20	6,371.15	4,934.66	4,342.52
Total current assets		**1,20,578.58**	**94,696.34**	**95,013.93**
Total assets		**3,08,761.56**	**2,65,369.56**	**2,65,802.46**
EQUITY AND LIABILITIES				
1. Equity				
(a) Equity share capital	21	1,445.97	1,445.97	1,445.97
(b) Other equity	22	1,43,557.74	1,37,294.37	1,30,495.38
Total equity		**1,45,003.71**	**1,38,740.34**	**1,31,941.35**
2. Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	23	33,909.40	20,836.94	35,854.88
(ii) Other financial liabilities	24	3,415.01	1,911.66	1,612.42
(b) Provisions	25	957.37	781.14	709.66
(c) Deferred tax liabilities (net)	26	20,768.33	20,759.32	17,659.42
(d) Other non-current liabilities	27	154.44	82.74	132.43
Total non-current liabilities		**59,204.55**	**44,371.80**	**55,968.81**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	28	50,370.01	29,217.05	21,080.66
(ii) Trade payables	29	19,660.37	15,360.23	14,238.24
(iii) Other financial liabilities	30	30,388.54	32,031.92	36,431.52
(b) Other current liabilities	31	3,836.05	5,328.41	5,126.86
(c) Provisions	32	298.33	319.81	294.30
(d) Current tax liabilities (net)	33	-	-	720.72
Total current liabilities		**1,04,553.30**	**82,257.42**	**77,892.30**
Total liabilities		**1,63,757.85**	**1,26,629.22**	**1,33,861.11**
Total equity and liabilities		**3,08,761.56**	**2,65,369.56**	**2,65,802.46**

Notes 1 to 61 form an integral part of these standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Per Lalit Kumar
Partner

Payal M. Puri
Company Secretary
ACS No. 16068

Sandeep Sikka
Chief Financial Officer

Place : Gurugram
Date : 18 May 2017

Standalone statement of profit and loss for the year ended 31 March 2017

(₹ in lakh)

	Particulars	Note	Year ended 31 March 2017	Year ended 31 March 2016
I	Revenue from operations	34	2,22,990.24	2,10,909.27
II	Other income	35	454.64	1,434.22
III	**Total income**		**2,23,444.88**	**2,12,343.49**
IV	**Expenses**			
	Cost of materials consumed	36	37,059.40	36,702.87
	Purchases of stock-in-trade	37	43,940.06	40,551.39
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	38	(648.49)	(2,276.54)
	Excise duty		15,492.15	14,974.01
	Employee benefits expense	39	28,633.03	24,744.64
	Finance costs	40	3,335.86	4,104.72
	Depreciation and amortisation expense	41	11,083.31	11,443.31
	Other expenses	42	69,584.01	63,904.29
	Total expenses		**2,08,479.33**	**1,94,148.69**
V	**Profit before exceptional items and tax**		**14,965.55**	**18,194.80**
VI	**Exceptional items**		-	1,643.46
	Less: transferred from business reconstruction reserve (refer note 38 and 57)		-	(1,643.46)
VII	**Profit before tax**		**14,965.55**	**18,194.80**
VIII	**Tax expense**	43		
	(1) Current tax		4,889.31	3,586.15
	Less: Minimum alternate tax credit		-	(234.53)
	(2) Deferred tax		(224.84)	3,215.06
	Total tax expense		**4,664.47**	**6,566.68**
IX	**Profit for the year**		**10,301.08**	**11,628.12**
X	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plan		81.13	(124.35)
	(b) Changes in fair value of equity instruments through other comprehensive income		228.42	60.50
	(ii) Income-tax relating to these items		(55.94)	62.11
	Other comprehensive income, net of tax		**253.61**	**(1.74)**
XI	**Total comprehensive income for the year**		**10,554.69**	**11,626.38**
XII	**Earnings per equity share (of ₹2/- each)**			
	Basic and diluted		14.25	16.08

Notes 1 to 61 form an integral part of these standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Per Lalit Kumar
Partner

Payal M. Puri
Company Secretary
ACS No. 16068

Sandeep Sikka
Chief Financial Officer

Place : Gurugram
Date : 18 May 2017

Standalone cash flow statement for the year ended 31 March 2017

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,965.55	18,194.80
Adjustments for:		
Finance costs	3,335.86	4,104.72
Investment income	(8.19)	(25.56)
Interest income	(187.41)	(234.79)
Gain on disposal of property, plant and equipment	(19.54)	(41.82)
Loss on disposal of property, plant and equipment	317.54	112.63
Net (gain) arising on current investments	(5.14)	-
Sundry balances and liabilities no longer required, written back	(208.99)	(1,030.02)
Provision for expected credit loss	527.53	494.77
Bad debts written off	0.01	4.96
Depreciation and amortisation expense	11,083.31	11,443.31
Net foreign exchange (gain)	(361.08)	(33.09)
	29,439.45	**32,989.91**
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(952.19)	1,685.00
(Increase) in inventories	(1,082.77)	(1,882.33)
(Increase) in other assets	(5,034.23)	(878.67)
Decrease in trade and other liabilities	5,208.57	6,097.42
Decrease in provisions	154.75	96.99
Cash generated from operations	**27,733.58**	**38,108.32**
Income taxes paid	(7,281.34)	(7,102.73)
Net cash generated by operating activities	**20,452.24**	**31,005.59**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments to acquire financial assets	(20,198.19)	(13,506.27)
Proceeds on sale of financial assets	9,743.19	13,405.56
Interest received	74.28	408.21
Amounts advanced to related parties	85.62	(85.62)
Payments for property, plant and equipment	(22,581.02)	(7,793.95)
Proceeds from disposal of property, plant and equipment	141.95	353.27
Movement in other bank balances	(96.81)	341.90
Net cash (used in)/generated by investing activities	**(32,830.98)**	**(6,876.90)**

Standalone cash flow statement for the year ended 31 March 2017

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	22,986.57	299.24
Repayment of borrowings	(12,558.95)	(25,625.32)
Movement in short term borrowings (net)	21,152.96	8,136.39
Taxes on dividend paid	(588.71)	(515.13)
Dividends paid to owners of the Company	(2,880.91)	(2,516.34)
Interest paid	(3,328.07)	(4,294.84)
Net cash used in financing activities	**24,782.89**	**(24,516.00)**
Net increase in cash and cash equivalents:	**12,404.15**	**(387.31)**
Cash and cash equivalents at the beginning of the year	1,552.26	1,939.57
Cash and cash equivalents at the end of the year	**13,956.41**	**1,552.26**

Notes 1 to 61 form an integral part of these standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Per Lalit Kumar
Partner

Payal M. Puri
Company Secretary
ACS No. 16068

Sandeep Sikka
Chief Financial Officer

Place : Gurugram
Date : 18 May 2017

Standalone statement of changes in equity for the year ended 31 March 2017

a. Equity share capital

(₹ in lakh)

Particulars	Number of shares	Amount
Issued and paid up capital		
Balance as at 1 April 2015	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2016	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2017	7,22,96,395	1,445.97

b. Other equity

Particulars	Reserves and Surplus						Other comprehensive income		Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 1 April 2015	**80.92**	**45,497.87**	**24,903.64**	**15.00**	**22,201.47**	**36,084.02**	**-**	**1,712.46**	**1,30,495.38**
Profit for the year	-	-	-	-	-	11,628.12	-	-	11,628.12
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	(81.31)	79.57	(1.74)
Total comprehensive income for the year	-	-	-	-	-	11,628.12	(81.31)	79.57	11,626.38
Less: transactions with owners in their capacity as owners									
Payment of equity dividends (including dividend distribution tax)	-	-	-	-	-	3,045.50	-	-	3,045.50
Less: Transfer to statement of profit and loss during the year [also refer note 57(a)]	-	-	-	-	1,643.46	-	-	-	1,643.46
Less: Deferred tax charge on business reconstruction reserve for the year	-	-	-	-	138.43	-	-	-	138.43
Balance as at 31 March 2016	**80.92**	**45,497.87**	**24,903.64**	**15.00**	**20,419.58**	**44,666.64**	**(81.31)**	**1,792.03**	**1,37,294.37**
Profit for the year	-	-	-	-	-	10,301.08	-	-	10,301.08
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	52.40	201.21	253.61
Total comprehensive income for the year	-	-	-	-	-	10,301.08	52.40	201.21	10,554.69
Less: transactions with owners in their capacity as owners									
Payment of equity dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57	-	-	3,480.57
Less: Transfer to statement of profit and loss during the year [also refer note 57(b)]	-	-	-	-	838.63	-	-	-	838.63
Less: Deferred tax charge/(benefits) on business reconstruction reserve for the year	-	-	-	-	(27.88)	-	-	-	(27.88)
Balance as at 31 March 2017	**80.92**	**45,497.87**	**24,903.64**	**15.00**	**19,608.83**	**51,487.15**	**(28.91)**	**1,993.24**	**1,43,557.74**

Notes 1 to 61 form an integral part of these standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Per Lalit Kumar
Partner

Payal M. Puri
Company Secretary
ACS No. 16068

Sandeep Sikka
Chief Financial Officer

Place : Gurugram
Date : 18 May 2017

Note 1 - CORPORATE INFORMATION

HSIL Limited (the 'Company') is a public limited company incorporated in India. The registered office of the Company is situated in Kolkata and the corporate office is in Gurugram. The Company is into the business of manufacturing, selling and trading of building products, glass products, consumer products, plastic products and retail business. The Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited.

Note 2 - APPLICATION OF NEW AND REVISED INDIAN ACCOUNTING STANDARD ("IND AS")

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the standalone financial statements are authorized have been considered in preparing these standalone financial statements.

2.1 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payments.' The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7: The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the standalone financial statements is being evaluated.

Amendment to Ind AS 102: The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

The Company has not issued any share options plans, hence this amendment will have no effect on the Company's standalone financial statements.

Note 3 - SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

3.1 Statement of compliance with Indian Accounting Standards (Ind AS)

The standalone financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the standalone financial statements for the year ended 31 March 2017 are the Company's first Ind AS standalone financial statements. For periods up to and including the year ended 31 March 2016, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Refer note 4 for the explanation of transition from previous GAAP to Ind AS.

The standalone financial statements of HSIL Limited as at and for the year ended 31 March 2017 (including comparatives) were approved and authorised for issue by the Board of Directors on 18 May 2017.

3.2 Overall considerations and first time adoption of Ind AS

The standalone financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

These accounting policies have been used throughout all periods presented in the standalone financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

In accordance with Ind AS 101, the Company presents three balance sheets, two statement of profit and loss, two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented, in its first Ind AS standalone financial statements.

3.3 Historical cost convention

These standalone financial statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

3.4 Business combinations

Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

3.5 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer Note 6 for a description of impairment testing procedures.

3.6 Revenue recognition

Revenue arises from sale of goods and rendering of services. It is measured at the fair value of the consideration received or receivable excluding sales tax and reduced by any rebates and trade discount allowed.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the accounting period in which such services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

Interest and dividends

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive payment is established.

3.7 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as the lessor

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

Company as the lessee

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on straight-line basis unless the payments are structured to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increases.

3.8 Foreign currency transactions and translations

Initial recognition

The Company's standalone financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Treatment of exchange difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred and reported in finance cost.

3.10 Government grants

On transition to Ind AS, the Company has availed exemption under Ind AS 101 First-time Adoption of Indian Accounting Standards in respect of interest free government loan (in form of deferred Sales Tax liability). Accordingly, the Company has not separately accounted for government grant for the difference between proceeds received and the fair value of the liability based on prevailing market interest rates.

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

3.11 Employee benefits

Employee benefits include provident fund, pension fund, gratuity and compensated absences

Defined contribution plans

The Company's contribution to provident fund and pension fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no legal or constructive obligation to pay contribution in addition to its fixed contribution.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using 'the Projected Unit Credit method', with actuarial valuations being carried out at each Balance Sheet date. Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are allowed to carried forward over a period in excess of 12 months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date out of which the obligations are expected to be settled.

3.12 Taxation

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit as an asset, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement".

The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. The MAT Credit Entitlement is disclosed under the head 'Deferred tax liabilities (net)'.

Deferred tax

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although Ind AS 12, Income Taxes, specifies limited exemptions.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.13 Operating cycle

Based on the nature of products/activities of the Company and the normal time between purchase of raw material and their realisation in cash or cash equivalents, the Company has determined its operation cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3.14 Operating expenses

Operating expenses are recognised in statement of profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Company incurs an obligation, which is typically when the related goods are sold.

3.15 (a) Property, plant and equipment

Freehold land is carried at historical cost except for certain class of land which had been revalued in Financial year 2009-10 and 2011-12. All other items of Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipment are stated at their original cost including freight, duties, taxes and other incidental expenses relating to acquisition and installation.

The carrying amount of assets, including those assets that are not yet available for use, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, recoverable amount of asset is determined. An impairment loss is recognised in the statement of profit and loss whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises the new part and is depreciated accordingly. Further, when major overhauling/ repair are performed, the cost associated with this is capitalised, if the recognition criteria are satisfied, and is then and depreciated over remaining useful life of asset or over the period of next overhauling due whichever is earlier. All other repair and maintenance costs are recognised in the statement of profit and loss as and when incurred.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(b) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses (if any), cost related to technical assistance for new projects are capitalised.

(c) Capital work-in-progress

Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment. Capital work-in-progress includes capital inventory.

(d) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment as at 1April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

3.16 Depreciation and amortisation

Depreciation is charged on a pro-rata basis on the straight line method at rates prescribed in Schedule II to the Companies Act, 2013 and is charged to the statement of profit and loss. Freehold land is not depreciated.

The estimated useful life of the items of property, plant and equipment are as follows:

Asset class	Useful life
Property, plant and equipment	
Plant and machinery	7.5-25 years*
Buildings	10-60 years
Furniture and fixtures	10 years
Office equipment	5 years
Computer	3-6 years
Vehicles	8 years**
Intangible assets	
Technical know-how	10 years
Software	6 years

* Furnaces, part of the glass plant of the Company, includes in plant and machinery, are depreciated over a life of 6.5 years which is different from life prescribed in Schedule II of the Act, based on independent chartered engineer certificate.

** Vehicles are being depreciated using written down value method as per life of 8 years mentioned in Schedule II of the Act.

3.17 Impairment of property, plant and equipment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

3.19 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.20 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Costs of inventories are determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3.21 Provisions and contingencies

A provision is recognised in the standalone financial statements where there exists a present obligation as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes unless the outflow of resources is considered to be remote. Contingent assets are neither recognised nor disclosed in the standalone financial statements.

3.22 Equity, reserves and dividend payments

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings include current and prior period retained profits. All transactions with owners of the Company are recorded separately within equity.

Dividend distribution payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

3.23 Earnings per share

Basic earnings or loss per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings or loss per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.24 Fair value measurement

The Company measures financial instruments such as investments in mutual funds, investment in certain equity shares etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.25 Financial instruments

I. **Financial assets**

a. **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset, which are not at fair value through profit and loss, are added to fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

b. **Subsequent measurement**

(i) **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) **Financial assets at fair value through other comprehensive income (FVOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit and loss.

c. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets measured at amortised cost and assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 44 details how the Company determines whether there has been a significant increase in credit risk.

d. Derecognition of financial assets

A financial asset is derecognised when:

- The Company has transferred the right to receive cash flows from the financial assets or

- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity transfers the financial asset, it evaluates the extent to which it retains the risk and rewards of the ownership of the financial assets. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of the ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial assets. Where the Company retains control of the financial assets, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

II. Financial liabilities

a. Initial recognition and subsequent measurement

All financial liabilities are recognized initially at fair value and in case of borrowings and payables, net of directly attributable cost.

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Changes in the amortised value of liability are recorded as finance cost.

III. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future date.

IV. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.26 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 45.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

3.27 Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Estimation of defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(ii) Estimation of current tax and deferred tax

Management judgment is required for the calculation of provision for income - taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in the standalone financial statements.

(iii) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain property, plant and equipment.

(iv) Impairment of trade receivables

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is recognised based on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(v) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (refer note 45).

Note 4 - FIRST-TIME ADOPTION OF IND-AS

These standalone financial statements, for the year ended 31 March 2017, are the first financial statements prepared by the Company in accordance with Ind-AS. For periods up to and including the year ended 31 March 2016, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP' or 'previous GAAP').

Accordingly, the Company has prepared standalone financial statements which comply with Ind-AS applicable for periods ended 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its previous GAAP standalone financial statements, including the balance sheet as at 1 April 2015 and the standalone financial statements as at and for the year ended 31 March 2016.

The Company has applied Ind AS 101 in preparing these first standalone financial statements. The effect of transition to Ind AS on equity, total comprehensive income and reported cash flows are presented in this section and are further explained in the notes that accompany the tables.

Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Ind AS optional exemptions:

1. The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1 April 2015. Consequently,

   - The Company has kept the same classification for the past business combinations as in its previous GAAP financial statements;
   - The Company has not recorded assets and liabilities that were not recognised in accordance with previous GAAP in the balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree;
   - The Company has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;

   Ind AS 101 also requires that the previous GAAP carrying amount of goodwill must be used in the opening Ind AS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with Ind AS 101, the Company has tested goodwill for impairment at the date of transition to Ind AS. No goodwill impairment was deemed necessary at 1 April 2015.

2. Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

3. The Company has availed the optional exemption under Ind AS 101 for the continuance of accounting of capitalisation of foreign currency exchange differences as part of eligible assets arising from the translation of the long-term foreign currency monetary items existing on or before 31 March 2016.

4. Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. As per Ind AS 17, this assessment should be carried out at inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based on conditions in place as at the date of transition.

5. The Company has availed the optional exemption under Ind AS 101 for the continuance of the carrying value of Investments in subsidiaries same as under the previous GAAP.

6. Government Grants - the Company on transition was not doing the recognition and measurement of government loan at below market rate of interest, on transition date carrying amount under previous GAAP of deferred sales tax loans has been considered opening value under Ind AS.

Ind AS mandatory exceptions:

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively, for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively, from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Reconciliation of equity as previously reported under Indian GAAP to Ind AS *(₹ in lakh)*

Particulars	Notes	As at 31 March 2016 (end of last period presented under previous GAAP)	As at 1 April 2015 (Date of Transition)
Equity as per previous GAAP		**1,50,106.33**	**1,43,569.24**
Add: Adjustment to equity due to business combination (also refer note 56)		(8,069.67)	(6,950.52)
Ind AS: Adjustments increase/(decrease):			
Impact of proposed dividend and related distribution tax	(a)	3,480.57	3,036.30
Impact of fair value of the outstanding derivative contract	(b)	2,088.52	1,114.90
Impact of fair value of the Investments designated as fair value through other comprehensive income	(c)	1,837.23	1,776.73
Impact of interest on loan component of the Investment in redeemable preference share of a subsidiary	(d)	10.73	6.69
Impact of financial assets and liabilities at amortised cost	(e)	(115.60)	(95.98)
Impact of testing of goodwill for impairment	(f)	673.70	-
Others		(66.00)	-
Impact of deferred tax liability (net)			
- On revaluation of land done in the earlier years		**(10,204.33)**	**(10,065.90)**
- On other Ind AS adjustments		**(1,001.14)**	**(450.11)**
Equity as reported under Ind AS		**1,38,740.34**	**1,31,941.35**

a. **Proposed dividend**

Under previous GAAP, proposed dividends are recognised as liability in the period to which they relate irrespective of the approval by shareholders. However, under Ind AS, proposed dividend is recognised as liability in the period in which it is declared (on approval of shareholders in a general meeting) or paid.

b. **Derivative contract**

Under previous GAAP, mark-to-market losses on derivative contracts were recognised whereas the gain arising on the said contracts were ignored. However, under Ind AS, all derivative are measured at fair value through profit and loss and mark-to-market gain/losses are recorded in the relevant period.

c. **Investments others than investment in subsidiary, joint arrangement and associates**

Under previous GAAP, non-current investments were measured at cost less any diminution in value of investments other than temporary. However, under Ind AS, these financial assets have been classified as fair value through other comprehensive income (FVTOCI).

d. **Compound financial instrument**

Under previous GAAP, the redeemable preference shares (RPS) were stated initially at cost and less any diminution in value of investments other than temporary. However, under Ind AS, the RPS being a compound financial instrument is segregated into loan component and equity component. The loan component is initially recognised at fair value and subsequently measured at amortised cost and the balance is considered as equity.

e. **Financial assets and liabilities**

Under previous GAAP, the financial assets and financial liabilities were carried at cost. However, under Ind AS, certain financial assets and financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

f. **Goodwill arising on amalgamation**

Under previous GAAP, the goodwill arising on amalgamation was being amortised over a specified period. However, under Ind AS, the same is tested for impairment at each reporting date.

Reconciliation of comprehensive income as previously reported under Indian GAAP to Ind AS

Particulars	Year ended 31 March 2016 (end of last period presented under previous GAAP)	
	Notes	(₹ in lakh)
Net profit as per previous GAAP		**11,670.32**
Restatements of results (net of tax impact) (also refer note 56)		(1,119.15)
Ind AS: Adjustments increase/(decrease):		
Impact due to reversal of amortisation of goodwill arising on amalgamation	(a)	673.70
Impact of fair valuation of derivative contracts	(b)	973.62
Impact of financial assets and liabilities at amortised cost	(c)	(15.57)
Impact of actuarial gain/loss on defined benefit plans	(d)	124.35
Others		(66.01)
Impact of deferred tax liability (net) on account of the above adjustments		(613.14)
Total adjustment to profit or loss		**1,076.95**
Profit or loss under Ind AS		**11,628.12**
Other comprehensive income		(1.74)
Total comprehensive income under Ind AS		**11,626.38**

Note: No statement of comprehensive income was prepared under previous GAAP. Therefore, the reconciliation starts with net profit as per previous GAAP.

a. Under previous GAAP, the goodwill arising on amalgamation was being amortised over a specified period. However, under Ind AS, the same is tested for impairment at each reporting date.

b. Under the previous GAAP, mark-to-market losses on derivative contracts were recognised whereas the gain arising on the said contracts were ignored. However, under Ind AS, all derivatives are measured at fair value through profit and loss and mark-to-market gain/losses are recorded in the relevant period.

c. Under previous GAAP, the financial assets and financial liabilities were carried at cost. However, under Ind AS, certain financial assets and financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

d. Under the previous GAAP, the actuarial gains/losses arising on defined benefit plans was being charged to the statement of profit and loss. However, under Ind AS the same is recognised in other comprehensive income.

Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016

Particulars	Previous GAAP	Adjustments*	Ind AS
Net cash flow from operating activities	30,883.99	121.60	31,005.59
Net cash flow from investing activities	(8,683.23)	1,806.33	(6,876.90)
Net cash flow from financial activities	(22,540.11)	(1,975.89)	(24,516.00)
Net increase/(decrease) in cash and cash equivalents	**(339.35)**	**(47.96)**	**(387.31)**
Cash and cash equivalents as at 1 April 2015	1,844.27	95.30	1,939.57
Cash and cash equivalents as at 31 March 2016	**1,504.92**	**47.34**	**1,552.26**

* adjustments includes adjustments on account of vesting of demerged undertaking into the Company

Significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2017

Note 5 - PROPERTY, PLANT AND EQUIPMENT

(₹ in lakh)

Description of assets	Land - Freehold	Buildings	Leasehold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
I. Gross block									
Deemed cost as at 1 April 2015	51,004.78	32,756.14	908.45	63,478.81	505.36	2,526.73	567.89	1,479.79	1,53,227.95
Additions	-	854.35	37.86	1,572.94	103.34	672.82	198.50	299.91	3,739.72
Disposals	-	(16.19)	(18.52)	(19.37)	(2.51)	(89.30)	(1.64)	(378.62)	(526.15)
Effect of foreign currency translation on long term monetary items	-	512.72	-	2,352.54	-		-	-	2,865.26
Balance as at 31 March 2016	**51,004.78**	**34,107.02**	**927.79**	**67,384.92**	**606.19**	**3,110.25**	**764.75**	**1,401.08**	**1,59,306.78**
Additions	-	2,293.63	26.07	6,003.97	111.90	1,013.49	287.74	1,352.25	11,089.05
Disposals	-	-	(245.16)	(46.85)	(20.21)	(121.26)	(23.65)	(217.25)	(674.38)
Effect of foreign currency translation on long term monetary items	-	(17.49)	-	(145.27)	-	-	-	-	(162.76)
Balance as at 31 March 2017	**51,004.78**	**36,383.16**	**708.70**	**73,196.77**	**697.88**	**4,002.48**	**1,028.84**	**2,536.08**	**1,69,558.69**
II. Accumulated depreciation and amortisation									
Depreciation and amortisation charge for the year	-	1,325.02	136.26	8,497.04	221.16	488.40	198.71	376.20	11,242.79
Disposals	-	(0.48)	(1.09)	(16.44)	(0.85)	(5.55)	(0.78)	(77.87)	(103.06)
Balance as at 31 March 2016	**-**	**1,324.54**	**135.17**	**8,480.60**	**220.31**	**482.85**	**197.93**	**298.33**	**11,139.73**
Depreciation and amortisation charge for the year	-	1,379.81	81.46	8,169.15	151.18	523.15	232.08	490.79	11,027.62
Disposals	-	-	(8.35)	(9.06)	(15.83)	(12.15)	(21.31)	(167.72)	(234.42)
Balance as at 31 March 2017	**-**	**2,704.35**	**208.28**	**16,640.69**	**355.66**	**993.85**	**408.70**	**621.40**	**21,932.93**
Net block (I-II)									
Balance as at 31 March 2017	**51,004.78**	**33,678.81**	**500.42**	**56,556.08**	**342.22**	**3,008.63**	**620.14**	**1,914.68**	**1,47,625.76**
Balance as at 31 March 2016	**51,004.78**	**32,782.48**	**792.62**	**58,904.32**	**385.88**	**2,627.40**	**566.82**	**1,102.75**	**1,48,167.05**
Balance as at 1 April 2015	**51,004.78**	**32,756.14**	**908.45**	**63,478.81**	**505.36**	**2,526.73**	**567.89**	**1,479.79**	**1,53,227.95**

Notes:

1. Refer note 23 and 28 for information on property, plant and equipment pledged as security by the Company.
2. Capital work-in-progress mainly comprises of cost incurred on building, plant and equipments etc. which are currently under construction.
3. Foreign exchange gain amounting to ₹162.76 lakh (previous year 31 March 2016 loss of ₹2,865.26 lakh) has been capitalised to the cost of property, plant and equipment during the year ended 31 March 2017 for exchange differences arising from translation of long-term foreign currency monetary items recognised prior to 31 March 2016.

Note 6 - GOODWILL

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Gross carrying value	2,694.22	2,694.22	2,694.22

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period

(₹ in lakh)

Goodwill	Amount
Balance as at 1 April 2015	2,694.22
Accumulated impairment	-
Balance as at 31 March 2016	**2,694.22**
Accumulated impairment	-
Balance as at 31 March 2017	**2,694.22**

Allocation of goodwill to cash generating units:

For the purpose of impairment testing, goodwill is allocated to the Garden Polymers division which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes, which is not higher than the Company's operating segments.

The Company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units (""CGU"") is determined from value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been determined in light of the economic environment which has resulted in more conservative estimates about the future. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. (A reduction in the availability of credit has led to an increase in the cost of capital and therefore, the discount rate applied to future cash flows has increased.) Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. It is anticipated that sales volumes will remain at a similar level to the current year taking into account the market conditions.

The Company has conducted a sensitivity analysis on the impairment test of CGU carrying value. Change in the discount rate and growth rate by +/- 1% points would not impact in carrying value of goodwill (with other factors remains constant).

Value in use has been determined by discounting the future cash flows generated from the continuing use of the unit. Unless indicated otherwise, value in use in 2016-17 has been determined similarly as in 2015-16. The calculation of the value in use is based on the following key assumptions:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Discount rate	10%	10%	10%
Terminal value of growth rate	2%	2%	2%
Budgeted EBITDA growth rate	2%	2%	2%

Note 7 - OTHER INTANGIBLE ASSESTS

(₹ in lakh)

Description of assets	Technical knowhow	Computer software	Total
I. Gross block			
Deemed cost as at 1 April 2015	103.47	611.45	714.92
Additions	-	-	-
Disposals	-	(1.48)	(1.48)
Balance as at 31 March 2016	**103.47**	**609.97**	**713.44**
Additions	-	35.89	35.89
Disposals	-	-	-
Balance as at 31 March 2017	**103.47**	**645.86**	**749.33**
II. Accumulated amortisation			
Amortisation charge for the year	21.31	179.55	200.86
Disposals	-	(0.50)	(0.50)
Balance as at 31 March 2016	**21.31**	**179.05**	**200.36**
Amortisation charge for the year	21.32	136.86	158.18
Disposals	-	-	-
Balance as at 31 March 2017	**42.63**	**315.91**	**358.54**
Net block (I-II)			
Balance as on 31 March 2017	**60.84**	**329.95**	**390.79**
Balance as on 31 March 2016	**82.16**	**430.92**	**513.08**
Balance as on 1 April 2015	**103.47**	**611.45**	**714.92**

Note 8 - NON CURRENT INVESTMENTS

(₹ in lakh)

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number	Amount	Number	Amount	Number	Amount
A. Fair value through other comprehensive income (FVOCI)						
I. Quoted investments (fully paid up)						
Investments in equity instruments						
Neycer India Limited (face value ₹10 each)	125	0.01	125	0.01	125	0.01
Quoted investments (I)		**0.01**		**0.01**		**0.01**
II. Unquoted investments (fully paid-up)						
Investments in equity instruments						
Andhra Pradesh Gas Power Corporation Limited (face value ₹10 each)	8,04,000	3,139.27	8,04,000	2,910.84	8,04,000	2,850.34
Indian Plumbing Skills Council (face value ₹10 each)	60,000	6.00	60,000	6.00	60,000	6.00
Swastik Sanitarywares Limited (face value ₹10 each)	50	0.01	50	0.01	50	0.01
Unquoted investments (II)		**3,145.28**		**2,916.85**		**2,856.35**
Investments carried at FVOCI (AI+AII)		**3,145.29**		**2,916.86**		**2,856.36**
Total investments carried at fair value [A]		**3,145.29**		**2,916.86**		**2,856.36**

Note 8 - NON CURRENT INVESTMENTS *(contd...)*

(₹ in lakh)

Particular	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	Number	Amount		Number	Amount		Number	Amount	
B. At cost									
Unquoted investments (fully paid-up)									
Investments in equity instruments of subsidiaries									
Hindware Home Retail Private Limited (face value ₹10 each) [also refer note 56]	6,40,000		8.72	6,40,000		8.72	6,40,000		8.72
HSIL Associates Limited (face value ₹10 each)	-	-	-	-	-	-	50,000	-	5.00
Halis International Limited, Mauritius (face value USD 1 each)	17,05,000	782.50		17,05,000	782.50		17,05,000	782.50	
Less : Provision for impairment of investments		782.50	-		782.50	-		-	782.50
Alchemy International Cooperatief U.A., Netherlands (Euro 180)	180		0.12	180		0.12	180		0.12
Halis International Limited, Mauritius (face value USD 1 each)	18,98,000	1,079.98		18,78,000	1,066.55		17,57,000	989.09	
Less : Provision for impairment of investments		860.96	219.02		860.96	205.59		-	989.09
Equity component in debt instruments of subsidiaries									
Hindware Home Retail Private Limited [also refer note 9]			128.56			128.56			86.14
Unquoted investments			**356.42**			**342.99**			**1,871.57**
Total investments carried at cost [B]			**356.42**			**342.99**			**1,871.57**
C. Investments carried at amortised cost									
Unquoted									
Investments in Government Securities									
National Savings Certificates*			1.82			2.06			2.26
Total investments carried at amortised cost [C]			**1.82**			**2.06**			**2.26**
Total investments (A+B+C)			**3,503.53**			**3,261.91**			**4,730.19**
Other disclosures									
Aggregate book value of quoted investments			0.01			0.01			0.01
Aggregate amount of market value of quoted investments			0.01			0.01			0.01
Aggregate amount of unquoted investments			3,503.52			3,261.90			4,730.18
Aggregate amount of impairment in value of investments			1,643.46			1,643.46			-

* Deposited with government authorities

Note 9 - NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured and considered good)			
Security deposits	1,781.18	1,725.15	1,536.48
Loans to related parties (also refer note 53)	51.24	51.24	39.66
Interest receivable	-	4.23	7.88
	1,832.42	**1,780.62**	**1,584.02**

Note 10 - NON-CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured and considered good)			
Derivatives designated as hedges			
- Foreign exchange forward contracts	-	854.98	1,114.90
Other financial assets			
- Interest accrued on deposits, loans and advances	18.26	10.73	6.69
Other bank balances			
- Deposit account with other banks for more than 1 year	24.64	22.33	128.05
	42.90	**888.04**	**1,249.64**

Note 11 - INCOME-TAX ASSETS (NET)

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advance income-tax (net)	5,436.72	2,838.90	-
	5,436.72	**2,838.90**	**-**

Note 12 - OTHER NON-CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured and considered good)			
Capital advances	5,568.99	1,944.39	1,187.80
Prepaid expenses	5,929.78	1,834.78	1,788.73
Balances with government authorities	-	497.26	256.78
	11,498.77	**4,276.43**	**3,233.31**

Note 13 - INVENTORIES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(valued at cost or net realisable value)			
Raw materials	3,619.74	3,013.09	4,037.68
Work-in-progress	1,814.53	1,936.66	1,850.97
Finished goods	23,292.78	22,179.98	26,407.53
Stock-in-trade of goods acquired for trading	17,177.16	18,265.42	11,266.45
Stores and spares	2,029.79	2,379.01	2,210.58
Loose tools	10.60	8.51	9.99
Packing material	851.89	856.30	843.69
Oils, fuels, lubricants and others	453.19	366.57	496.32
	49,249.68	**49,005.54**	**47,123.21**
Included above, goods-in-transit:			
Raw materials	-	-	187.97
Stock-in-trade	133.04	93.60	28.62
Stores and spares	30.39	181.12	11.54
	163.43	**274.72**	**228.13**

Notes

1) In 2016-17, a total of ₹80,350.97 lakh (2015-16: ₹74,977.72 lakh) of inventories was included in the statement of profit or loss as an expense for inventories carried at net realisable value. This includes an amount of ₹838.63 lakh (2015-16: ₹ Nil) resulting from write-down of inventories.

2) Refer note 28 for information on inventory pledged as security by the Company.

Note 14 - CURRENT INVESTMENTS

(₹ in lakh)

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Units	Amount	Units	Amount	Units	Amount
Fair value through profit and loss (FVTPL)						
Quoted investments						
Investments in mutual fund						
ICICI Prudential Liquid- direct plan-growth	9,97,512.453	2,401.19	-	-	-	-
UTI Liquid Cash Plan-Institutional-direct plan-growth	90,157.024	2,401.11	-	-	-	-
HDFC Liquid Plan-direct plan-growth	77,945.555	2,501.21	-	-	-	-
BSL Cash Plus-direct plan-growth	12,06,092.783	3,151.63	-	-	-	-
		10,455.14		**-**		**-**

Note 15 - TRADE RECEIVABLES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured, considered good	458.69	505.29	665.27
Unsecured, considered good	39,258.50	38,252.20	40,148.20
Doubtful	2,230.04	2,019.03	1,524.26
	41,947.23	40,776.52	42,337.73
Less: Allowance for expected credit losses	2,230.04	2,019.03	1,524.26
	39,717.19	**38,757.49**	**40,813.47**

Movement in the allowance for doubtful debts

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016
Balance at beginning of the year	2,019.03	1,524.26
Expected credit losses provided for during the year	527.53	494.77
Amounts written off during the year	(316.52)	-
	2,230.04	**2,019.03**

Note 16 - CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks	784.81	119.71	316.27
Cheques, demand drafts on hand	1,382.80	921.21	781.87
Cash in hand	175.55	183.95	155.59
Remittance in transit	513.25	318.46	385.84
Fixed deposits with original maturity of less than three months	11,100.00	8.93	300.00
	13,956.41	**1,552.26**	**1,939.57**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

Note 17 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Earmarked balances with banks			
Unpaid dividends accounts *	112.21	101.26	87.23
Other bank balances			
Held as margin money in fixed deposits	307.23	225.04	475.73
Fixed deposits with original maturity of more than three months but less than twelve months	5.77	4.41	3.93
	425.21	**330.71**	**566.89**

Note

* Not due for deposit in the investor education and protection fund

Note 18 - CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured and considered good)			
Advance to related parties (also refer note 53)	41.07	85.91	-
Interest receivable	98.80	29.59	203.22
Other loans and advances	-	0.03	24.42
	139.87	**115.53**	**227.64**

Note 19 - CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured and considered good)			
Derivatives designated hedges			
- Foreign exchange forward contracts	263.93	-	-
Other financial assets			
- Interest accrued on deposits, loans and advances	-	0.15	0.63
	263.93	**0.15**	**0.63**

Note 20 - OTHER CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured and considered good)			
Prepaid expenses	153.01	46.13	53.80
Balances with government authorities	2,981.37	2,488.90	2,232.11
Others			
- Advance to suppliers	1,787.53	1,202.67	1,703.26
- Employee advances	98.14	42.36	21.81
- Other current assets	1,419.58	1,223.08	400.02
Less : Provision for doubtful other current assets	(68.48)	(68.48)	(68.48)
	6,371.15	**4,934.66**	**4,342.52**

Note 21 - EQUITY SHARE CAPITAL

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of shares	(₹ in lakh)	Number of shares	(₹ in lakh)	Number of shares	(₹ in lakh)
Authorised:						
Equity shares of ₹2 each	11,12,50,000	2,225.00	11,12,50,000	2,225.00	11,12,50,000	2,225.00
Issued:						
Equity shares of ₹2 each	7,23,00,220	1,446.00	7,23,00,220	1,446.00	7,23,00,220	1,446.00
Subscribed and fully paid:						
Equity shares of ₹2 each	7,22,96,395	1,445.93	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Forfeited shares		0.04		0.04		0.04
	7,22,96,395	**1,445.97**	**7,22,96,395**	**1,445.97**	**7,22,96,395**	**1,445.97**

Note 21 - EQUITY SHARE CAPITAL *(contd...)*

(a) **Reconciliation of share outstanding at the beginning and at the end of the reporting year**

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number	(₹ in lakh)	Number	(₹ in lakh)	Number	(₹ in lakh)
Equity shares outstanding at the beginning of the year	7,22,96,395	1,445.93	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Add: Shares issued during the year	-	-	-	-		
Equity shares outstanding at the end of the year	**7,22,96,395**	**1,445.93**	**7,22,96,395**	**1,445.93**	**7,22,96,395**	**1,445.93**

(b) **Terms and rights attached to equity shares**

The Company has issued only one class of equity shares having par value of ₹2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) **List of shareholders holding more than 5% of the equity share capital of the Company at: ***

Shareholders	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number	% of holding	Number	% of holding	Number	% of holding
Paco Exports Limited	2,12,80,000	29.43	2,06,64,530	28.58	2,06,64,530	28.58
Reliance Capital Trustee Company Limited	65,92,893	9.12	60,45,618	8.36	50,69,218	7.01
Sundaram Mutual Fund	39,39,064	5.45	40,52,309	5.61	38,36,494	5.31
Soma Investments Limited	42,35,000	5.86	40,00,000	5.53	40,00,000	5.53
New Delhi Industrial Promotors and Investors Limited	37,50,000	5.19	36,50,000	5.05	36,50,000	5.05
HDFC Trustee Company Limited	50,88,044	7.04	-	@	-	@

** Information is furnished as per shareholder register as at the year end.*

@ Holding does not exceed 5% of the equity share capital of the Company.

(d) There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and bought back during the last 5 years.

(e) The above figure of subscribed and paid up capital includes application and allotment money received on forfeited shares amounting to ₹0.04 lakh (31 March 2016: ₹0.04 lakh).

Note 22 - OTHER EQUITY

(₹ *in lakh*)

Particulars	Reserves and Surplus						Other comprehensive income		Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 1 April 2015	80.92	45,497.87	24,903.64	15.00	22,201.47	36,084.02	-	1,712.46	1,30,495.38
Profit for the year	-	-	-	-	-	11,628.12	-	-	11,628.12
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	(81.31)	79.57	(1.74)
Total comprehensive income for the year	-	-	-	-	-	11,628.12	(81.31)	79.57	11,626.38
Less: transactions with owners in their capacity as owners									
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,045.50	-	-	3,045.50
Less: Transfer to statement of profit and loss during the year [also refer note 57(a)]	-	-	-	-	1,643.46	-	-	-	1,643.46
Less: Deferred tax charge on business restructuring reserve for the year	-	-	-	-	138.43	-	-	-	138.43
Balance as at 31 March 2016	**80.92**	**45,497.87**	**24,903.64**	**15.00**	**20,419.58**	**44,666.64**	**(81.31)**	**1,792.03**	**1,37,294.37**
Profit for the year	-	-	-	-	-	10,301.08	-	-	10,301.08
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	52.40	201.21	253.61
Total comprehensive income for the year	-	-	-	-	-	10,301.08	52.40	201.21	10,554.69
Less: transactions with owners in their capacity as owners									
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	3,480.57	-	-	3,480.57
Less: Transfer to statement of profit and loss during the year [also refer note 57(b)]	-	-	-	-	838.63	-	-	-	838.63
Less: Deferred tax charge/(benefit) on business restructuring reserve for the year	-	-	-	-	(27.88)	-	-	-	(27.88)
Balance as at 31 March 2017	**80.92**	**45,497.87**	**24,903.64**	**15.00**	**19,608.83**	**51,487.15**	**(28.91)**	**1,993.24**	**1,43,557.74**

Nature and purpose of other reserves:

1. Capital reserve was created on amalgamation of certain entities/undertaking into the Company.
2. Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.
3. Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paidup capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. It, *inter alia*, includes a sum of ₹10,000 lakh transferred from Business Reconstruction Reserve which cannot be used for issuance of bonus shares and distribution of dividend.
4. Capital redemption reserve is created against redemption of preference shares of the Company.
5. Business reconstruction reserve was created in accordance with a scheme of arrangement approved by the Hon'ble High Court of Calcutta. This reserve can neither be utilised towards issuance of bonus shares nor towards distribution of dividend.
6. FVOCI equity instruments: The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
7. Dividends paid (including dividend distribution tax) during the year ended 31 March 2017 of ₹3,480.57 lakh (₹4 per equity share of ₹2 each) were approved for payment.

Note 23 - NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Measured at amortised cost			
Secured:			
Term loans from banks:			
foreign currency loans	28,636.17	27,796.32	44,065.15
rupee loans	9,590.89	425.92	7,927.23
	38,227.06	**28,222.24**	**51,992.38**
Unsecured:			
deferred payment liabilities	4,705.31	4,806.35	4,845.27
	4,705.31	**4,806.35**	**4,845.27**
	42,932.37	**33,028.59**	**56,837.65**
Less: Current maturities of long term borrowing (Note 30)	9,022.97	12,191.65	20,982.77
	33,909.40	**20,836.94**	**35,854.88**

Terms and conditions of outstanding borrowings are as follows:

(₹ in lakh)

Particulars	Currency	Nominal interest rate	Year of maturity	Carrying amount as at 31 March 2017	Carrying amount as at 31 March 2016	Carrying amount as at 1 April 2015	Remarks
Secured loan from bank - foreign currency loans	US Dollars	6 months LIBOR*+177 basis point system ('bps')	2015-16	-	-	2,704.90	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+200 bps	2015-16	-	-	2,128.08	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+181 bps	2015-16	-	-	1,212.69	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+225 bps	2016-17	-	497.50	1,721.25	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	3 Months LIBOR+130 bps	2016-17	-	742.47	2,101.77	Refer note 2 below
Secured loan from bank - foreign currency loans	US Dollars	LIBOR+250 bps	2018-19	-	9,137.36	10,499.61	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+130 bps	2018-19	7,313.79	10,958.19	12,843.62	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+120 bps	2018-19	1,789.55	6,460.80	10,853.23	Refer note 3 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+130 bps	2018-19	6,564.91	-	-	Refer note 4 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+197 bps	2024-25	12,967.92	-	-	Refer note 1 below
Secured loan from bank - rupee loans	₹	10.70%	2015-16	-	-	3,812.50	Refer note 5 below
Secured loan from bank - rupee loans	₹	10.80%	2015-16	-	-	2,900.00	Refer note 2 below

Note 23 - NON CURRENT FINANCIAL LIABILITIES - BORROWINGS *(contd...)*

Terms and conditions of outstanding borrowings are as follows:

(₹ in lakh)

Particulars	Currency	Nominal interest rate	Year of maturity	Carrying amount as at 31 March 2017	Carrying amount as at 31 March 2016	Carrying amount as at 1 April 2015	Remarks
Secured loan from bank - rupee loans	₹	1 year MCLR** + 0.08%	2026-27	9,500.00	-	-	Refer note 6 below
Secured loan from bank - rupee loans	₹	Bank base rate+3.50%	2016-17	-	143.85	518.85	Refer note 7 below
Secured loan from bank - rupee loans	₹	9.30% - 13.60%	2016-17	90.89	282.07	695.88	Refer note 8 below
Unsecured Loan from others - Deferred payment liabilities	₹	0-3%	2030-31	4,705.31	4,806.35	4,845.27	Refer note 9 below

* LIBOR - London Inter Bank Offer Rate

** MCLR - Marginal Cost of funds based Lending Rate

Note:

1. Loans are secured by way of hypothecation of first *pari-passu* charge on movable fixed assets (both present and future) pertaining to the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. Further, this was secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties (both present and future) of glass plants of the Company situated at Sanathnagar and Bhongir in Telangana.
2. Loans were secured by first *pari-passu* charge by way of mortgage of deposit of title deeds of immovable property situated at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana.
3. Loan is secured by first *pari-passu* charge over all present and future movable and immovable fixed assets of the Sanitaryware plant situated at Bibinagar, Telangana.
4. Loan is secured by first *pari-passu* charge over all present and future movable and immovable fixed assets of the Sanitaryware plant situated at Bibinagar, Telangana and movable fixed assets of faucet plant situated at Kehrani, Rajasthan.
5. Loan was secured by first *pari-passu* charge on movable and immovable fixed assets situated at the Company's the Sanitaryware plant in Parnala and Bahadurgarh, District Jhajjar, Haryana.
6. Loan is secured by first *pari-passu* charge on fixed assets of the Company located at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana.
7. Loan was secured by way of charge on block of fixed assets both (present and future) of retail business of the Company
8. Vehicle loans are secured by way of hypothecation of the respective vehicles thus purchased.
9. Deferred payment liabilities from others (unsecured) is in respect of value added tax and central sales tax liabilities pertaining to the years 1999-2000 to 2012-2013 and are repayable by the end of financial year 31 March 2031. The outstanding amount of deferred sales tax credit is subject to assessment by sales tax authorities.

Note 24 - NON-CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade deposits	3,415.01	1,911.66	1,612.42
	3,415.01	**1,911.66**	**1,612.42**

Note 25 - NON-CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Long-term employee benefits (also refer note 47)			
Provision for compensated absences	688.20	558.97	494.39
Provision for warranty	269.17	222.17	215.27
	957.37	**781.14**	**709.66**

Details of movement in provision for warranty (including current portion)

(₹ in lakh)

Particulars	Amount
Balance as at 1 April 2015	329.93
Additional provisions recognised	125.18
Utilised during the year	109.13
Balance as at 31 March 2016	**345.98**
Balance as at 1 April 2016	345.98
Additional provisions recognised	219.81
Utilised during the year	150.59
Balance as at 31 March 2017	**415.20**

Warranty claims:

The provision for warranty claims represent the present value of best estimate of the future outflow of economic benefits that will be required under the Company obligations for warranties under the local sale of goods. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the two-year warranty period for all products sold.

Note 26 - DEFERRED TAX LIABILITIES (NET)

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred tax liability arising on account of			
Difference between book balance and tax balance of property, plant and equipment	13,916.85	14,463.38	14,517.21
Land	10,176.45	10,204.33	10,065.90
Investments at fair value through OCI	72.41	45.20	64.27
	24,165.71	**24,712.91**	**24,647.38**
Deferred tax asset arising on account of			
Provision for doubtful debts and loans and advances	780.45	722.44	541.37
Provision for employee benefits	311.36	272.94	239.12
Foreign exchange adjustments on external commercial borrowings	2,248.89	2,667.01	2,930.53
Tax losses carried forward	-	-	3,208.61
Minimum alternate tax credit entitlement	-	234.53	-
Others	56.68	56.67	68.33
	3,397.38	**3,953.59**	**6,987.96**
	20,768.33	**20,759.32**	**17,659.42**

Note 26 - DEFERRED TAX LIABILITIES (NET) *(contd...)*

Deferred tax liability (net) in relation to: *(₹ in lakh)*

Particulars	As at 31 March 2016	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	As at 31 March 2017
Deferred tax liability arising on account of					
Difference between book balance and tax balance of property, plant and equipment	14,463.38	(546.53)	-	-	13,916.85
Land	10,204.33	-	-	(27.88)	10,176.45
Investments at fair value through OCI	45.20	-	27.21	-	72.41
Sub total	**24,712.91**	**(546.53)**	**27.21**	**(27.88)**	**24,165.71**
Deferred tax asset arising on account of					
Provision for doubtful debts and loans and advances	722.44	58.01	-	-	780.45
Provision for employee benefits	272.94	38.42	-	-	311.36
Foreign exchange adjustments on external commercial borrowings	2,667.01	(418.12)	-	-	2,248.89
Others	56.67	0.01	-	-	56.68
Minimum alternate tax credit entitlement	234.53	(234.53)	-	-	-
Sub total	**3,953.59**	**(556.21)**	**-**	**-**	**3,397.38**
Net deferred tax liability	**20,759.32**	**9.68**	**27.21**	**(27.88)**	**20,768.33**

Deferred tax liability (net) in relation to: *(₹ in lakh)*

Particulars	As at 1 April 2015	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	As at 31 March 2016
Deferred tax liability arising on account of					
Difference between book balance and tax balance of property, plant and equipment	14,517.21	(53.83)	-	-	14,463.38
Land	10,065.90	-	-	138.43	10,204.33
Investments at fair value through OCI	64.27	-	(19.07)	-	45.20
Sub total	**24,647.38**	**(53.83)**	**(19.07)**	**138.43**	**24,712.91**
Deferred tax asset arising on account of					
Provision for doubtful debts and loans and advances	541.37	181.07	-	-	722.44
Provision for employee benefits	239.12	33.82	-	-	272.94
Foreign exchange adjustments on external commercial borrowings	2,930.53	(263.52)	-	-	2,667.01
Tax losses carried forward	3,208.61	(3,208.61)	-		-
Others	68.33	(11.66)	-	-	56.67
Minimum alternate tax credit entitlement	-	234.53	-		234.53
Sub total	**6,987.96**	**(3,034.37)**	**-**	**-**	**3,953.59**
Net deferred tax liability	**17,659.42**	**2,980.54**	**(19.07)**	**138.43**	**20,759.32**

Note 27 - OTHER NON-CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Employee related payables	154.44	82.74	132.43
	154.44	**82.74**	**132.43**

Note 28 - CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured borrowings			
From banks			
Cash credit - loans repayable on demand	9,404.33	8,864.12	5,580.25
Buyers credit	4,192.64	4,815.75	1,783.64
Working capital demand loan	11,090.00	-	-
Packing credit loan	801.95	663.33	-
	25,488.92	**14,343.20**	**7,363.89**
Unsecured borrowings			
From banks			
Working capital demand loan	-	-	1,500.00
Buyers credit	-	-	3,734.27
Commercial papers	24,881.09	14,873.85	8,482.50
	24,881.09	**14,873.85**	**13,716.77**
	50,370.01	**29,217.05**	**21,080.66**

Details of security and term of repayment of each type of borrowing:

Buyer's credit facilities :

a) Buyer's credit facilities from banks carrying interest ranging between LIBOR plus 35bps to LIBOR plus 70 bps per annum (p.a.) is repayable within 6 months from the date of origination and is secured by hypothecation of all current assets including stocks and book debts and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Packing credit:

a) Packing credit in foreign currency facilities from banks carrying interest LIBOR plus 70 bps per annum (p.a.) is repayable within 6 months from the date of origination and is secured by hypothecation of all current assets including stocks and book debts and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

b) Packing credit facilities from bank carrying interest 8% per annum (p.a.) is repayable within 7 days from the date of origination and is secured by hypothecation of all current assets including stocks and book debts and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Cash credit facilities :

a) Cash credit facilities from banks carrying interest rate ranging from 9.30% to 12.70% p.a. is repayable on demand and is secured by hypothecation of all current assets including stocks and book debts, present and future, and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

b) Cash credit facility from banks carrying interest rate ranging from 11.00% to 11.70% p.a. and is repayable on demand. This facility is secured by hypothecation against stocks, goods in transit, receivables and all other current assets (both present and future) of the Company's retail business and also having corporate guarantee of the Company.

Note 28 - CURRENT FINANCIAL LIABILITIES - BORROWINGS *(contd...)*

Short term loan facilities :

a) Working capital demand loan and Short term loans from banks carrying interest rate ranging from 7.90% to 9.25% p.a. is repayable within 7 days and is secured by hypothecation of all current assets including stocks and book debts present and future, and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

b) Working capital demand loan and Short term loans from banks carrying interest @ 9.15% p.a. is repayable within 31 days from disbursements. This facility is secured by hypothecation against stocks, goods in transit, receivables and all other current assets (both present and future) of the Company's retail business and also having corporate guarantee of the Company.

Unsecured short term borrowings

Buyer's credit facilities :

Buyer's credit facilities from banks carrying interest ranging between 0.72% - 1.30% p.a. is repayable within 6 months from the date of origination.

Working capital demand loans:

Short term loan from bank amounting to ₹1,500 lakh carrying interest @ 9.70% p.a. is repayable by 9 April 2015.

Commercial papers :

Commercial paper from various banks ₹25,000 lakh (31 March 2016 : ₹15,000 lakh, 01 April 2015 : ₹9,000 lakh) carrying discount rate of 6.65% to 8.71 % p.a. is payable within 30 to 90 days.

Note 29 - TRADE PAYABLES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade payable *	19,660.37	15,360.23	14,238.24

* Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Company pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details are mentioned below:

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Principal amount remaining unpaid to any supplier	-	4.83	12.77
Interest due thereon remaining upaind to any supplier	-	-	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year	Nil	Nil	Nil
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil	Nil
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	Nil	Nil	Nil

Note 30 - CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of long-term borrowings (also refer note 23)	9,022.97	12,191.65	20,982.77
Interest accrued but not due on borrowings	265.51	257.72	447.85
Unpaid dividends *	112.21	101.26	87.23
Earnest money deposits	8.87	14.92	3.96
Security deposits/retention money payable	17.66	49.36	72.18
Others			
Towards capital creditors	2,295.92	1,324.96	376.05
Employee related payables	2,229.70	1,878.17	1,458.71
Towards expenses payable	6,397.71	4,550.35	4,389.78
Commission payable to directors	1,212.71	1,649.81	1,344.33
Gratuity payable (net of obligation)	78.91	171.11	60.30
Other payables	8,746.37	9,842.61	7,208.36
	30,388.54	**32,031.92**	**36,431.52**

* Not due for deposit in investors protection fund.

Note 31 - OTHER CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advances received from customers	980.28	818.40	732.04
Employee related payables	51.19	-	-
Payable towards statutory dues	2,804.58	4,510.01	4,394.82
	3,836.05	**5,328.41**	**5,126.86**

Note 32 - CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Long-term employee benefits (also refer note 47)			
Provision for compensated absences	152.30	196.00	179.64
Provision for warranty (also refer note 25)	146.03	123.81	114.66
	298.33	**319.81**	**294.30**

Note 33 - CURRENT TAX LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for tax (net)	-	-	720.72
	-	**-**	**720.72**

Note 34 - REVENUE FROM OPERATIONS

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Sale of goods (including excise duty)	2,19,803.48	2,05,489.91
Sale from rendering of services	24.97	28.74
Other operating revenue @	3,161.79	5,390.62
	2,22,990.24	**2,10,909.27**
@ Other operating revenues comprise of:		
Export incentives	291.48	140.74
Sundry balances and liabilities no longer required, written back	208.99	1,030.02
Gain on foreign exchange fluctuations	884.93	336.85
Insurance claims received	172.51	641.31
Scrap sales	540.82	439.13
Miscellaneous receipts	1,063.06	2,802.57
	3,161.79	**5,390.62**

Sale of goods include excise duty collected from customers of ₹15,492.15 lakh (31 March 2016: ₹14,974.01 lakh). Sale of goods, net of excise duty is ₹2,04,311.33 lakh (31 March 2016: ₹1,90,515.90 lakh).

Note 35 - OTHER INCOME

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Interest income on financial assets	187.41	231.99
Excess balances and liabilities written back	-	6.84
Rental income	15.77	22.11
Profit on sale of current investments (net)	8.19	25.56
Profit on sale of property, plant and equipment	19.54	41.82
Gain arising on derivative instruments designated as at FVTPL (net)	181.88	1,088.34
Miscellaneous income	41.85	17.56
	454.64	**1,434.22**

Note 36 - COST OF MATERIALS CONSUMED

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Opening stock	3,013.09	4,037.68
Add: Purchases	37,666.05	35,678.28
Less: Closing stock	3,619.74	3,013.09
	37,059.40	**36,702.87**

Note 37 - PURCHASES OF TRADED GOODS

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Sanitaryware and other allied products	43,940.06	40,551.39
	43,940.06	**40,551.39**

Note 38 - CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Inventories at the end of the year:		
Finished goods	23,292.78	22,179.98
Work-in-progress	1,814.53	1,936.66
Stock-in-trade	17,177.16	18,265.42
	42,284.47	**42,382.06**
Inventories at the beginning of the year:		
Finished goods	22,179.98	26,407.53
Work-in-progress	1,936.66	1,850.97
Stock-in-trade	18,265.42	11,266.45
	42,382.06	**39,524.95**
Change in stock	**97.59**	**(2,857.11)**
Change in excise duty on closing stock	92.55	580.57
Less: Transferred from Business Reconstruction Reserve [also refer note 57(b)]	(838.63)	-
	(648.49)	**(2,276.54)**

Note 39 - EMPLOYEE BENEFIT EXPENSES

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Salaries, wages and bonus	26,200.56	22,680.51
Contribution to provident funds and other funds (also refer note 47)	1,279.03	1,099.46
Staff welfare expenses	1,153.44	964.67
	28,633.03	**24,744.64**

Note 40 - FINANCE COST

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Interest expense on financial liabilities	3,335.86	4,104.72
	3,335.86	**4,104.72**

Note 41 - DEPRECIATION AND AMORTISATION

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Depreciation and amortisation of property, plant and equipments (also refer note 5)	11,027.62	11,242.79
Amortisation of other intangible assets (also refer note 7)	158.18	200.86
Less: Depreciation/amortisation capitalised on assets involved for plant under construction	102.49	0.34
	11,083.31	**11,443.31**

Note 42 - OTHER EXPENSES

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Power and fuel	24,528.80	23,248.41
Consumption of stores and spares	5,911.20	5,250.32
Consumption of packing material	8,968.06	8,702.68
Consumption of loose tools	64.19	55.09
Consumption of oil, fuel and lubricants	314.10	292.13
Repairs and maintenance:		
Buildings	368.64	411.42
Plant and machinery	1,221.16	1,012.28
Others	403.24	399.85
Rent (including hire charges)	2,565.64	2,501.15
Rates and taxes	792.55	580.80
Directors sitting fees	4.00	3.70
Expenditure on ceramic and applied research centre (also refer note 54)	112.03	82.22
Insurance	361.96	627.47
Travelling and conveyance	2,969.01	2,307.12
Commission on sales	1,281.63	828.27
Freight and forwarding charges	1,269.04	1,151.58
Advertisement and publicity	7,789.66	6,786.42
Transportation and forwarding	3,934.09	3,013.41
Sales promotion expenses	1,863.73	1,363.24
Other selling expenses	316.50	250.77
Provision for expected credit loss	527.53	494.77
Bad debts written off	0.01	4.96
Corporate social responsibility expenditure (also refer note 55)	298.02	126.96
Charity and donation	45.65	6.95
Loss on foreign exchange fluctuation	335.56	547.61
Loss on sale of property, plant and equipment	317.54	112.63
Miscellaneous expenses	3,020.47	3,742.08
	69,584.01	**63,904.29**

Note 43 - CURRENT TAX AND DEFERRED TAX

(a) Income tax expense through profit and loss

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current tax:		
Current income tax charge (including Minimum alternate tax)	4,889.31	3,351.62
Deferred tax:		
In respect of current year origination and reversal of temporary differences	(224.84)	3,078.16
Adjustments due to changes in tax rates	-	136.90
Total tax expense recognised in profit and loss account	**4,664.47**	**6,566.68**

Note 43 - CURRENT TAX AND DEFERRED TAX *(contd...)*

(b) Income tax on other comprehensive income

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current tax:		
Re-measurement of defined benefit obligations	(28.73)	43.04
Deferred tax:		
FVOCI financial assets	(27.21)	19.07
	(55.94)	**62.11**

(c) Income-tax on equity

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Deferred tax charge/(benefit)		
Business reconstruction reserves	(27.88)	138.43

(d) Numerical reconciliation between average effective tax rate and applicable tax rate :

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 34.608% (31 March 2016: 34.608%) and the reported tax expense in the statement of profit and loss are as follows:

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Profit before tax	**14,965.55**	**18,194.80**
Domestic tax rate for the Company	34.608%	34.608%
Latest statutory enacted income tax for the Company	5,179.28	6,296.86
Tax effect of :		
- Non deductible expenses	111.04	45.14
- Tax - exempt income	(31.53)	(23.33)
- Tax incentives and concessions	(339.46)	(28.45)
- Notional interest income and notional rent expenses	(62.95)	5.23
- Changes in tax rates	-	136.90
Others	(191.91)	134.33
Income-tax recognised in statement of profit and loss	**4,664.47**	**6,566.68**

(e) There is no change in statutory enacted income-tax rate during the financial year.

(f) There is no temporary differences associated with investment in subsidiaries.

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW

Capital management

The Company manages its capital to be able to continue as a going concern while maximising the returns to shareholders through optimisation of the debt and equity balance. The capital structure consists of debt which includes the borrowings as disclosed in note 23 and 28; cash and cash equivalents and current investments and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings as disclosed in the Statement of changes in equity. For the purpose of calculating gearing ratio, debt is defined as non current and current borrowings (excluding derivatives). Equity includes all capital and reserves of the Company attributable to equity holders of the Company. The Company is not subject to externally imposed capital requirements. The Board reviews the capital structure and cost of capital on an annual basis but has not set specific targets for gearing ratios. The risks associated with each class of capital are also considered as part of the risk reviews presented to the Audit Committee and the Board of Directors.

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW *(contd...)*

The following table summarises the capital of the Company

(₹ in lakh)

Particulars	31 March 2017	31 March 2016	1 April 2015
Equity *	1,45,003.71	1,38,740.34	1,31,941.35
Liquid assets (cash and cash equivalent and current investments) (a)	**24,411.55**	**1,552.26**	**1,939.57**
Current borrowings (note 28)	50,370.01	29,217.05	21,080.66
Non- current borrowings (note 23)	33,909.40	20,836.94	35,854.88
Current maturities of non current borrowings (refer note 30)	9,022.97	12,191.65	20,982.77
Total debt (b)	**93,302.38**	**62,245.64**	**77,918.31**
Net debt [c = (b) - (a)]	**68,890.83**	**60,693.38**	**75,978.74**
Total capital (equity+net debt)	**2,13,894.54**	**1,99,433.72**	**2,07,920.09**
Gearing ratio			
Debt to equity	64%	45%	59%
Net debt to equity ratio	48%	44%	58%
*Equity balances also includes the business reconstruction reserve of ₹ lakh	29,608.83	30,419.58	32,201.47

Catagories of financial instruments

(₹ in lakh)

Catagories of financial assets/ (liabilities)	Notes	31 March 2017			31 March 2016			1 April 2015
		Carrying value	Gain/ (loss) to income	Gain/ (loss) to equity	Carrying value	Gain/(loss) to income	Gain/ (loss) to equity	Carrying value
Financial assets measured at amortised costs								
Trade receivable	15	39,717.19	-	-	38,757.49	-	-	40,813.47
Loans	9,18	1,972.29	-	-	1,896.15	-	-	1,811.66
Other financial assets	10,19	42.90	-	-	33.21	-	-	135.37
Cash and bank balances	16, 17	14,381.62	-	-	1,882.97	-	-	2,506.46
Investments	8	358.24	-	-	345.05	-	-	1,873.83
Loans and other receivables		**56,472.24**	**-**	**-**	**42,914.87**	**-**	**-**	**47,140.79**
Financial assets measured at fair value								
Investments	8, 14	13,600.43	233.56	-	2,916.86	60.50	-	2,856.36
Derivative contracts	10, 19	263.93	176.74	-	854.98	1,088.34	-	1,114.90
Financial assets at fair value		**13,864.36**	**410.30**	**-**	**3,771.84**	**1,148.84**	**-**	**3,971.26**
Total financial assets		**70,336.60**	**410.30**	**-**	**46,686.71**	**1,148.84**	**-**	**51,112.05**

(₹ in lakh)

Financial liabilities	Notes	31 March 2017			31 March 2016			1 April 2015
		Carrying value	Gain/ (loss) to income	Gain/ (loss) to equity	Carrying value	Gain/(loss) to income	Gain/ (loss) to equity	Carrying value
Financial liabilities measured at amortised cost								
Current payables	28, 29, 30	1,00,418.92	-	-	76,609.20	-	-	71,750.42
Non-current payables	24	3,415.01	-	-	1,911.66	-	-	1,612.42
Non-current borrowings	23	33,909.40	-	-	20,836.94	-	-	35,854.88
Financial liabilities measured at amortised cost		**1,37,743.33**	**-**	**-**	**99,357.80**	**-**	**-**	**1,09,217.72**
Total financial assets/(liabilities)		**(67,406.73)**	**410.30**	**-**	**(52,671.09)**	**1,148.84**	**-**	**(58,105.67)**

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW *(contd...)*

Financial risk management objective

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company is not engaged in speculative treasury activities but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

The use of any derivative is approved by the management, which provide guidelines on the acceptable levels of interest rate risk, credit risk, foreign exchange risk and liquidity risk and the range of hedging requirement against these risks.

Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Company is exposed to credit risk for receivables, cash and cash equivalents, short term investments, financial guarantee and derivative financial instruments.

Cash and cash equivalents and short term investments

The Company considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant deposit balances other than those required for its day to day operations.

Trade receivables

The Company extends credits to customer in normal course of the business. The Company considers the factors such as credit track record in the market of each customer and past dealings for extension of credit to the customer. The Company monitors the payment track record of each customer and outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located at several jurisdiction and industries and operate in large independant markets. The Company also takes advances and security deposits from customers which mitigate the credit risk to an extent.

The average credit period taken on sales of goods is 30 to 60 days. Generally, no interest has been charged on the receivables. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Company uses an internal credit system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. There are no customers who represent more than 5 per cent of total net revenue from operations

The Company does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Expected credit loss :

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%)
Not due for payment	0
Up to 6 months	0
From 6 months to 1 year	0
From 1 year to 3 years	10 to 100
More than 3 years	100

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW *(contd...)*

Ageing of past due but not impaired receivables

(₹ in lakh)

Period	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not due for payment	24,372.95	23,584.96	24,505.23
Up to 6 months	13,473.65	12,513.88	14,076.01
From 6 months to 1 year	1,418.05	1,292.39	1,551.38
From 1 year to 3 years	1,873.02	2,096.28	1,191.06
More than 3 years	809.56	1,289.01	1,014.05

Ageing of impaired trade receivables

(₹ in lakh)

Period	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Up to 6 months	-	-	-
From 6 months to 1 year	-	-	-
From 1 year to 3 years	1,420.48	730.02	510.21
More than 3 years	809.56	1,289.01	1,014.05

Financial guarantee

The maximum credit exposure on financial guarantees given by the Company for various financial facilities is described in Note 60.

Liquidity risk:

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due.

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that it does not breach borrowing limits.

The table below provides undiscounted cash flows towards non-derivative financial assets/ (liabilities) into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date and, where applicable, their effective interest rates.

(₹ in lakh)

Particulars	As at 31 March 2017				
	Notes	not later than one year	later than one year and not later than five years	later than five years	Total
Financial assets					
Trade receivables	15	39,717.19	-	-	39,717.19
Loans - current	18	139.87	-	-	139.87
Loans - non-current	9	-	1,832.42	-	1,832.42
Others	10,19	263.93	42.90	-	306.83
Current investments	14	10,455.14	-	-	10,455.14
Cash and cash equivalents	16	13,956.41	-	-	13,956.41
Other bank balances	17	425.21	-	-	425.21
Total		**64,957.75**	**1,875.32**	**-**	**66,833.07**
Financial liabilities					
Borrowings - bank loans	28,30	60,459.81	18,444.17	18,346.71	97,250.69
Borrowings - other loans	23,30	126.79	1,694.40	3,207.70	5,028.89
Current payables	29,30	41,025.94	-	-	41,025.94
Non-current payables	24	-	-	3,415.01	3,415.01
Total		**1,01,612.54**	**20,138.57**	**24,969.42**	**1,46,720.53**

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW *(contd...)*

(₹ in lakh)

Particulars	As at 31 March 2016				
	Notes	not later than one year	later than one year and not later than five years	later than five years	Total
Financial assets					
Trade receivables	15	38,757.49	-	-	38,757.49
Loans - current	18	115.53	-	-	115.53
Loans - non-current	9	-	1,780.62	-	1,780.62
Others	10,19	0.15	888.04	-	888.19
Cash and cash equivalents	16	1,552.26	-	-	1,552.26
Other bank balances	17	330.71	-	-	330.71
Total		**40,756.14**	**2,668.66**	**-**	**43,424.80**
Financial liabilities					
Borrowings - bank loans	28,30	42,131.47	16,676.36	-	58,807.83
Borrowings - other loans	23,30	101.03	1,290.40	3,738.50	5,129.93
Current payables	29,30	35,200.50	-	-	35,200.50
Non-current payables	24	-	-	1,911.66	1,911.66
Total		**77,433.00**	**17,966.76**	**5,650.16**	**1,01,049.92**

(₹ in lakh)

Particulars	As at 1 April 2015				
	Notes	not later than one year	later than one year and not later than five years	later than five years	Total
Financial assets					
Trade receivables	15	40,813.47	-	-	40,813.47
Loans - current	18	227.64	-	-	227.64
Loans - non-current	9	-	1,584.02	-	1,584.02
Others	10,19	0.63	1,249.64	-	1,250.27
Cash and cash equivalents	16	1,939.57	-	-	1,939.57
Other bank balances	17	566.89	-	-	566.89
Total		**43,548.20**	**2,833.66**	**-**	**46,381.86**
Financial liabilities					
Borrowings - bank loans	28,30	48,341.33	29,580.76	-	77,922.09
Borrowings - other loans	23,30	298.88	1,281.13	3,265.26	4,845.27
Current payables	29,30	29,686.99	-	-	29,686.99
Non-current payables	24	-	-	1,612.42	1,612.42
Total		**78,327.20**	**30,861.89**	**4,877.68**	**1,14,066.77**

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including :

Forward foreign exchange contract to hedge the exchange rate risk arising on the export of its products.

Forward foreign exchange contract to hedge the exchange rate risk arising on translation of the foreign currency loans.

Currency risk

The Company undertakes various transactions denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW *(contd...)*

The Company transacts business primarily in Indian Rupee, USD, Euro and GBP. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. Certain transactions of the Company act as a natural hedge as a portion of both assets and liabilities are denominated in similar foreign currencies. For the remaining exposure to foreign exchange risk, the Company adopted a policy of selective hedging based on risk perception of the management. Foreign exchange hedging contracts are carried at fair value.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(in lakh)

Particulars	Currency	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Trade receivables	USD	24.87	12.48	7.41
	EUR	-	0.13	-
Trade payables	USD	20.64	21.31	1.95
	EUR	1.40	5.70	2.39
	GBP	0.36	0.61	0.27
Borrowings	USD	506.30	491.64	789.11
	EUR	-	-	2.84

Currency rate	31 March 2017	31 March 2016	01 April 2015
USD	64.8386	66.3329	62.5908
EUR	69.2476	75.0955	67.5104
GBP	80.8797	95.0882	92.4591

Of the above foreing currency exposures, following exposures are not hedged:

(in lakh)

Particulars	Currency	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Trade receivables	USD	24.87	12.48	7.41
	EUR	-	0.13	-
Trade payables	USD	20.64	21.31	1.95
	EUR	1.40	5.70	2.39
	GBP	0.36	0.61	0.27
Borrowings	USD	473.85	368.91	519.12
	EUR	-	-	2.84

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW *(contd...)*

Sensitivity analysis

The following table demonstrates the sensitivity of profit and equity in USD, Euro and GBP to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities is given below:

(₹ in lakh)

Particulars	Change in currency exchange rate	Effect on profit before tax 31 March 2017	Effect on profit before tax 31 March 2016
USD	5%	(1,522.48)	(1,252.83)
	-5%	1,522.48	1,252.83
EUR	5%	(4.85)	(20.91)
	-5%	4.85	20.91
GBP	5%	(1.46)	(2.90)
	-5%	1.46	2.90

This is mainly attributable to the exposure outstanding on foreign currency receivables and payables in the Company at the end of each reporting period.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates Relates primarily to long term debts. Its objective in managing its interest rate risk is to ensure that it always maintain sufficient head room to cover interest payment from anticipated cashflows which is regularly reviewed by the board/nominated committee as well.

The following table demonstrates the sensitivity in the interest rate with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the interest rates is given below :

(₹ in lakh)

Particulars	Change in interest rate	Effect on profit before tax 31 March 2017	Effect on profit before tax 31 March 2016
Non-current borrowings	0.50%	(133.89)	(164.54)
	-0.50%	133.89	164.54

Commodity risk

The Company is exposed to the movement in the price of key raw material and other traded goods in the domestic and international markets. The Company has in place policies to manage exposure to fluctuation the prices of key raw materials used in operations. The Company enter into contracts for procurement of raw material and traded goods, most of the transactions are short term fixed price contract and a few transactions are long term fixed price contracts.

Note 45 - FAIR VALUE MEASUREMENT

Fair valuation techniques and inputs used

(₹ in lakh)

Financial assets/ financial liabilities	Fair value as at (₹ in lakh)			Fair value hierarchy	Valuation technique(s) and key input(s)
	31 March 2017	31 March 2016	1 April 2015		
Foreign currency forward contracts	263.93	854.98	1,114.90	2	Market approach

(₹ in lakh)

Financial assets	Fair value as at (₹ in lakh)			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31 March 2017	31 March 2016	1 April 2015				
Current investments	10,455.14	-	-	1	-	-	-
Non current investments	3,145.29	2,916.85	2,856.35	3	Discounted cash flow	1. Growth rate 2. Discount rate	Refer below

Reconciliation of level 3 fair value measurements

(₹ in lakh)

Particulars	31 March 2017	31 March 2016
	Unlisted shares irrevocably designated as at FVOCI	Unlisted shares irrevocably designated as at FVOCI
Opening balance	2,916.85	2,856.35
Gains or losses		
- in other comprehensive income	228.43	60.50
Closing balance	**3,145.29**	**2,916.85**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Sensitivity analysis of financial instruments having fair value hierarchy of level 3

(₹ in lakh)

Particulars	Movement unobservable input(s)	Effect on fair value taking movement of unobservable inputs isolation		
		31 March 2017	31 March 2016	1 April 2015
Gowth rate	5%	75.27	62.52	71.80
	-5%	(71.75)	(59.96)	(68.50)
Discount rate	5%	(242.38)	(221.91)	(230.08)
	-5%	281.07	255.81	266.63

Other financial instruments

The carrying amount of the financial assets and liabilities carried at amortised cost is considered a reasonable approximation of fair value.

Note 46 - SEGMENT INFORMATION

Segment information, as required under Ind AS 108 "Operating Segment", has been provided in the consolidated financial statements of the Company and therefore, no separate disclosure on segment information is given in these standalone financial statements.

Note 47 - EMPLOYEE BENEFITS

A. Defined contribution plan

The Company operates defined contribution retirement benefit plans for all employees. The assets of the plans are held separately from those of the Companies in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The Company's contribution to Provident Fund and Superannuation Fund aggregating to ₹886.05 lakh (31 March 2016 : ₹798.01 lakh) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

B. Defined benefit plans

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Birla Sun Life Insurance Company Limited.

Details of the Company's defined benefit plans are as follows:

(₹ in lakh)

Particulars	Funded plan	
	Gratuity	
	31 March 2017	31 March 2016
Current service cost	232.60	198.63
Net interest expense/(income)	4.87	(2.80)
Components of defined benefit costs recognised in profit or loss	237.47	195.83
Remeasurement on the net defined benefit liability		
Actuarial (gain)/loss arising form experience adjustments	(81.13)	124.35
Components of defined benefit costs recognised in other comprehensive income	(81.13)	124.35
I. Net asset/(liability) recognised in the balance sheet as at 31 March		
1. Present value of defined benefit obligation	1,968.57	1,796.49
2. Fair value of plan assets	1,889.66	1,625.38
3. Deficit	78.91	171.11
4. Current portion of the above	78.91	171.11
5. Non current portion of the above	-	-
II. Change in the obligation during the year ended 31 March		
1. Present value of defined benefit obligation at the beginning of the year	1,796.49	1,623.84
2. Expenses recognised in the statements of profit and loss		
- Current service cost	232.60	198.63
- Interest expense	126.77	122.28
3. Recognised in other comprehensive income		
Remeasurement gains / (losses)		
- Actuarial (gain)/loss arising from experience adjustments	36.17	46.99
4. Benefit payments	(223.46)	(195.25)
5. Present value of defined benefit obligation at the end of the year	**1,968.57**	**1,796.49**

Note 47 - EMPLOYEE BENEFITS *(contd...)*

Details of the Company's defined benefit plans are as follows:

(₹ *in lakh)*

Particulars	Funded plan	
	Gratuity	
	31 March 2017	31 March 2016
III. Change in fair value of assets		
1. Fair value of plan assets at the beginning of the year	1,625.38	1,563.54
2. Recognised in the statement profit and loss		
- Expected return on plan assets	121.90	125.08
3. Recognised in other comprehensive income		
Remeasurement gains / (losses)		
- Actual return on plan assets in excess of the expected return	117.30	(77.36)
4. Contributions by employer (including benefit payments recoverable)	242.39	206.57
5. Benefit payments	(217.31)	(192.45)
6. Fair value of plan assets at the end of the year	**1,889.66**	**1,625.38**

IV. The major categories of plan assets

The Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Company was informed by BSL that the planned assets are held in growth/fixed interest bonds.

V. Actuarial assumptions		
1. Discount rate	7.5%	8.0%
2. Expected rate of increase in compensation level	5.50%-6.50%	5.50%-6.25%
3. Expected rate of return on plan assets	7.50%	8.00%
4. Withdrawal rate		
- above age 45	1-6	1-6
- between 29 and 45	2-3	2-3
- below age 29	1-3	1-3
5. Mortality table	IALM 2006-08	IALM 2006-08
6. Superannuation age	58	58

VI. Sensitivity analysis

(₹ in lakh)

Particulars	31 March 2017		31 March 2016	
	Change in assumption	Effect on gratuity obligation	Change in assumption	Effect on gratuity obligation
Discount rate	0.50%	(91.38)	0.50%	(81.28)
	-0.50%	99.30	-0.50%	88.29
Expected rate of increase in compensation level	0.50%	89.09	0.50%	84.58
	-0.50%	(95.06)	-0.50%	(78.92)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the balance sheet.

Note 47 - EMPLOYEE BENEFITS *(contd...)*

VII. Experience adjustments :

(₹ in lakh)

Particulars	Year ended				
	2016-17	2015-16	2014-15	2013-14	2012-13
1. Defined benefit obligation	1,968.57	1,796.49	1,623.84	1,355.55	1,329.84
2. Fair value of plan assets	1,889.66	1,625.38	1,563.54	1,346.76	1,255.11
3. Surplus/(deficit)	(78.91)	(171.11)	(60.30)	(8.79)	(74.73)
4. Experience adjustment on plan liabilities gain/(loss)	(36.17)	(46.99)	(209.17)	(9.65)	(50.06)
5. Experience adjustment on plan assets gain/(loss)	117.30	(77.36)	129.49	0.73	35.93

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The average duration of the defined benefit plan obligation at the end of the reporting period is 19.81 years (as at 31 March 2016 is 19.83 years).

C. Other long-term benefits - Compensated absences (unfunded)

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Amounts recognised in the balance sheet		
Non current (refer note 25)	688.20	558.97
Current (refer note 32)	152.30	196.00
	840.50	754.97
Amounts recognised in the statement of profit and loss		
Current service cost	151.41	115.08
Interest cost	60.42	53.94
Actuarial loss	154.27	113.67
Total included in employee benefits expense	**366.10**	**282.69**
Reconciliation of opening and closing balances of benefit obligations		
Change in benefit obligation		
Defined benefit obligation at the beginning of the year	754.97	674.03
Interest cost	60.42	53.94
Current service cost	151.41	115.08
Benefits paid	(280.57)	(201.75)
Actuarial loss	154.27	113.67
Defined benefit obligation at the end of the year	**840.50**	**754.97**

Note 48 - EARNINGS PER SHARE

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Profit for the year attributable to owners of the Company (₹ in lakh)	10,301.08	11,628.12
Weighted average number of equity shares (nos.)	7,22,96,395	7,22,96,395
Nominal value per share (₹)	2.00	2.00
Earnings per share - basic and diluted (₹)	14.25	16.08

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

Note 49 - LEASES

As Lessee

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are both cancellable and non-cancellable and may be renewed for a further period based on mutual agreement of the parties.

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Expenses recognised in the statement of profit and loss		
Lease payments (including maintenance charges)	2,565.64	2,501.15

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Future non-cancellable minimum lease commitments			
not later than one year	244.40	183.48	123.55
later than one year and not later than five years	225.81	302.68	452.62
later than five years	-	-	-

Note 50 - CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016
a) Demands raised by the excise authorities against which appeals have been filed	379.18	375.92
b) Demands raised by the service-tax authorities against which appeals have been filed	77.77	77.77
c) Demands made by the sales tax authorities against which appeals have been filed	244.95	253.79
d) Demands raised by the income-tax authorities against which appeals have been filed	3.84	3.84
e) Claims against the Company not acknowledged as debts	2,414.53	2,428.39

Note 51 - CAPITAL AND OTHER COMMITMENTS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016
a) Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	10,265.07	10,111.59
b) Export obligation under Export Promotion Capital Goods license of Export Import Policy	7,002.30	27,661.58
c) Bank guarantees outstanding	407.76	442.53

Note 52 - PAYMENT TO STATUTORY AUDITORS (EXCLUDING SERVICE TAX)

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
As auditors *	36.50	26.00
Other services	21.64	10.20
For reimbursement of expenses	4.67	4.50
	62.81	**40.70**

* including paid to auditors of demerged undertaking

Note 53 - RELATED PARTY TRANSACTIONS

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related party relationship, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

List of related parties

Relationship	Name of related party
Key management personnel (KMP)	Dr. Rajendra Kumar Somany
	Mr. Sandip Somany
	Mrs. Sumita Somany
Subsidiaries	Hindware Home Retail Private Limited
	HSIL Associates Limited (ceased to be subsidiary with effect from 19 May 2015)
	Halis International Limited, Mauritius
	Alchemy International Cooperatief U.A. (subsidiary of Halis International Limited)
	Haas International B.V. (subsidiary of Alchemy International Cooperatief U.A.)
	KS 615 Limited (formerly Barwood Products Limited (subsidiary of Haas International B.V.)
	Queo Bathroom Innovations Limited, UK (subsidiary of Haas International B.V.)
Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	Textool Mercantile Private Limited
	Paco Exports Limited
	New Delhi Industrial Promotors and Investors Limited
	Soma Investments Limited
	Murlidhar Rajendra Kumar (a partnership firm)

Details of transaction between the Company and its related parties are disclosed below: *(₹ in lakh)*

Particulars	Subsidiaries		Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
(i) Transactions during the year						
a) Rent paid						
Dr. Rajendra Kumar Somany	-	-	4.80	4.80	-	-
Textool Mercantile Private Limited	-	-	-	-	2.40	2.61
Paco Exports Limited	-	-		-	28.05	25.26
b) Investment made						
Halis International Limited						
- Equity component in redeemable preference shares	13.43	77.46	-	-	-	-
c) Director's remuneration *						
Dr. Rajendra Kumar Somany	-	-	799.20	950.08	-	-
Mr. Sandip Somany	-	-	799.20	945.83	-	-
Mrs. Sumita Somany	-	-	65.56	66.94	-	-
d) Dividend payment						
Dr. Rajendra Kumar Somany	-	-	104.80	91.70	-	-
Mr. Sandip Somany	-	-	76.59	98.97	-	-
Mrs. Sumita Somany	-	-	3.07	2.68	-	-
Paco Exports Limited	-	-	-	-	842.32	723.26
Soma Investments Limited	-	-	-	-	160.00	140.00
New Delhi Industrial Promotors and Investors Limited	-	-	-	-	146.00	127.75
Murlidhar Rajendra Kumar	-	-	-	-	36.52	-
e) Impairment of investments						
Halis International Limited	-	1,643.46	-	-	-	-

Note 53 - RELATED PARTY TRANSACTIONS *(contd...)*

Details of transaction between the Company and its related parties are disclosed below: (₹ in lakh)

Particulars	Subsidiaries			Key management personnel and their relatives			Entities where significant influence is exercised by KMP and/or their relatives having transactions with the company		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Balance outstanding at the year end									
Hindware Home Retail Private Limited - loan component	51.24	51.24	39.66	-	-	-	-	-	-
Hindware Home Retail Private Limited - interest receivable on loan components	18.26	10.73	6.69	-	-	-	-	-	-
Hindware Home Retail Private Limited - other receivables	41.07	85.91	-	-	-	-	-	-	-
Remuneration payable									
Dr. Rajendra Kumar Somany	-	-	-	511.07	699.73	545.41	-	-	-
Mr. Sandip Somany	-	-	-	541.81	760.07	638.83	-	-	-
Mrs. Sumita Somany	-	-	-	22.83	27.15	19.63	-	-	-

* exclusive of provision for future liability in respect of gratuity and leave encashment which is based on actuarial valuation done on Company as a whole.

The remuneration and other transactions with members of key managerial personnel during the year was as follows: (₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Short-term employee benefits #	1,611.78	1,917.15
Post-employment benefits		
- Defined contribution plan $	52.18	45.70
- Defined benefit plan *	-	-
- Other long-term benefits *	-	-
Dividend paid	184.46	193.35
Rent paid	4.80	4.80
Total	**1,853.22**	**2,161.00**

Including bonus, sitting fee, commission on accrual basis and value of perquisites.

* As the liability for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.

$ including providend fund, leave encashment paid and any other benefit

Note 54 - EXPENDITURE ON CERAMIC AND APPLIED RESEARCH CENTRE *(₹ in lakh)*

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Salaries, wages and bonus	86.80	62.47
Contribution to provident and other funds	4.27	2.70
Others	20.96	17.05
	112.03	**82.22**

Note 55 - CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of section 135 of the Act, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) Committee. In terms, with the provisions of the said Act, the Company was to spend

Note 55 - CORPORATE SOCIAL RESPONSIBILITY *(contd...)*

a sum of ₹290.77 lakh (previous year ₹242.99 lakh) towards CSR activities during the year ended 31 March 2017. The CSR Committee has been examining and evaluating suitable proposals for deployment of funds towards CSR initiatives, however, the committee expects finalization of such proposals in due course. During the period ended 31 March 2017, Company has contributed the following sums towards CSR initiatives.

(₹ in lakh)

Particulars	Year ended 31 March 2017 paid in cash	Year ended 31 March 2016 paid in cash
(i) Construction/acquisition of any asset	55.56	56.29
(ii) On purposes other than (i) above	242.46	70.67
	298.02	**126.96**

Note 56

a) The Hon'ble National Company Law Tribunal of Kolkata, West Bengal, vide its order dated 4 May 2017 approved the Composite Scheme of Arrangement (the "Scheme") between the Company and its wholly owned subsidiary Hindware Home Retail Private Limited (HHRPL), their shareholders and creditors. Pursuant to the Scheme, all the properties, assets, rights, claims and obligations of the Retail Business of HHRPL (the "Demerged Undertaking") has been transferred and vested in the Company on a going concern basis with effect from the Appointed Date i.e., 1 April 2015. The Scheme has been accounted for as a business combination of entities under the common control. Accordingly, the financial information in these financial statements in respect of prior periods have been restated as if the business combination had occurred from the beginning of the financial year ended 31 March 2016.

b) Further, pursuant to the Scheme, the Company has also reorganised and adjusted the cost of equity and preference shares held in HHRPL to an amount equivalent to the remaining net assets of the HHRPL as on the appointed date, post demerger. Therefore, the investment in HHRPL has been reorganised from 3,20,00,000 equity shares to 6,40,000 equity shares as on the appointed date.

Note 57

a) The Board of Directors of the Company has approved utilisation of Business Reconstruction Reserve (BRR) by ₹1,643.46 lakh pertaining to diminution, other than temporary in nature, in the carrying value of its investment in one of its overseas step down subsidiary during the year ended 31 March 2016. The aforesaid utilisation against BRR is as per the Scheme of Arrangement approved by the Hon'ble High Court of Calcutta vide its order dated 26 March 2010.

b) The Board of Directors of the Company has approved utilisation of Business Reconstruction Reserve (BRR) by ₹838.63 lakh pertaining to write off of old, non-moving and slow inventory done by the Demerged Undertaking during the year ended 31 March 2017. The aforesaid utilisation against BRR is as per the Scheme of Arrangement approved by the Hon'ble High Court of Calcutta vide its order dated 26 March 2010.

Note 58 - DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the year, the Company had specified bank notes or other denomination as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017, on the details of specified bank notes (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(₹ in lakh)

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand on 8 November 2016	76.90	38.00	114.90
Add: Permitted receipts	-	152.11	152.11
Less: Permitted payments	16.95	50.53	67.48
Less: Amount deposited in the banks	59.95	96.63	156.58
Closing cash in hand on 30 December 2016	-	42.95	42.95

Note 59 - FINANCIAL INSTRUMENTS BY CATEGORY

(₹ in lakh)

Particulars	31 March 2017			31 March 2016			1 April 2015		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
Non current financial liabilities									
Investments	3,145.29	-	358.24	2,916.86	-	345.04	2,856.36	-	1,873.82
Loans	-	-	1,832.42	-	-	1,780.62	-	-	1,584.02
Other financial assets	-	-	42.90	-	854.98	33.06	-	1,114.90	134.75
Current financial assets									
Investments	-	10,455.14	-	-	-	-	-	-	-
Trade receivable	-	-	39,717.19	-	-	38,757.49	-	-	40,813.47
Cash and cash equivalents	-	-	13,956.41	-	-	1,552.26	-	-	1,939.57
Bank balances other than cash and cash equivalents	-	-	425.21	-	-	330.71	-	-	566.89
Loans	-	-	139.87	-	-	115.53	-	-	227.64
Other financial assets	-	263.93	-	-	-	0.15	-	-	0.63
Total financial assets	**3,145.29**	**10,719.07**	**56,472.24**	**2,916.86**	**854.98**	**42,914.86**	**2,856.36**	**1,114.90**	**47,140.79**
Non current financial liabilities									
Non-current borrowings	-	-	33,909.40	-	-	20,836.94	-	-	35,854.88
Other financial liabilities	-	-	3,415.01	-	-	1,911.66	-	-	1,612.42
Current financial liabilities									
Current borrowings	-	-	50,370.01	-	-	29,217.05	-	-	21,080.66
Trade payables	-	-	19,660.37	-	-	15,360.23	-	-	14,238.24
Other financial liabilities	-	-	30,388.54	-	-	32,031.92	-	-	36,431.52
Total financial liabilities	**-**	**-**	**1,37,743.33**	**-**	**-**	**99,357.80**	**-**	**-**	**1,09,217.72**

Significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2017

Note 60 - DISCLOSURE UNDER SECTION 186(4) OF THE ACT:

(₹ in lakh)

Particulars	Halis International Limited, Mauritius (Wholly owned subsidiary)	Hindware Home Retails Private Limited (wholly owned subsidiary)	Halis International Limited, Mauritius (Wholly owned subsidiary)	Hindware Home Retails Private Limited (wholly owned subsidiary)	KS 615 Limited [formerly Barwood Products Limited UK (wholly owned subsidiary)]	Halis International Limited, Mauritius (Wholly owned subsidiary)	Hindware Home Retails Private Limited (wholly owned subsidiary)	KS 615 Limited [formerly Barwood Products Limited UK (wholly owned subsidiary)]
Guarantee	As at 31 March 2017		As at 31 March 2016			As at 1 April 2015		
Guarantees given as at the beginning of the financial year	-	8,856.00	-	8,456.00	721.18 *	-	7,456.00	778.83*
Guarantees given during the financial year	-	-	-	1,400.00	-	-	1,000.00	-
Guarantee closed during the year	-	-	-	1,000.00	721.18 *	-	-	-
Guarantees given as at the end of the financial year	-	8,856.00	-	8,856.00	-	-	8,456.00	721.18*
Investments								
Investments at the beginning of the financial year	205.59	137.28	1,771.59	94.86	-	1,597.03	10,590.00	-
Additions during the financial year	13.43	-	77.46	2,700.00	-	174.56	1,000.00	-
Provision for diminution in the value of during the year	-		1,643.46	-	-	-	-	-
Effect of Composite Scheme of Arrangement (refer note 56)	-	-	-	2,657.58		-	11,495.14	-
Investment at the end of the financial year	219.02	137.28	205.59	137.28	-	1,771.59	94.86	-
Loans and advances								
Loans at the beginning of the financial year	-	450.00	-	-	-	-	-	-
Additions during the financial year	-	1,285.00	-	1,650.00	-	-	600.00	-
Return back during the year	-		-	1,200.00	-	-	600.00	-
Effect of Composite Scheme of Arrangement (refer note 56)		1,735.00	-	-	-	-	-	-
Loans at the end of the financial year	-	-	-	450.00	-	-	-	-

* Indiam rupee equivalent to GBP 7,80,000

The Company has given the corporate guarantee in respect of the loans taken for business purposes.

Note 61 - DIVIDEND

In respect of the current year, the directors propose that a dividend of ₹4 per share to be paid on equity shares of ₹2 per share. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members. The total estimated equity dividend to be paid is ₹2,891.86 lakh. The payment of this dividend is estimated to result in payment of dividend tax of ₹588.71 lakh on the amount of dividends grossed up for the related dividend distribution tax.

In terms of our report attached.

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Per Lalit Kumar
Partner

Payal M. Puri
Company Secretary
ACS No. 16068

Sandeep Sikka
Chief Financial Officer

Place : Gurugram
Date : 18 May 2017

CONSOLIDATED FINANCIAL SECTION

Independent Auditor's Report

To the Members of **HSIL Limited**

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of HSIL Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors of the subsidiaries included in the Group are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 10 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on

the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2017, their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note 56 to the consolidated financial statements regarding the utilisation of the Business Reconstruction Reserve ('BRR') by the Holding Company which was created in accordance with a scheme of arrangement ('the Scheme') approved by the Hon'ble Calcutta High Court. The Scheme provides that the Board of Directors of the Holding Company can utilise the BRR, inter alia, to recognise write-off of old non-moving and slow moving inventory. In accordance with the Scheme, the Board of Directors of the Holding Company have credited an amount of ₹838.63 lakh to the statement of profit and loss towards write off of old non-moving and slow moving inventory. The applicable accounting standards and accounting principles generally accepted in India do not provide for credit of amounts released from reserves to the statement of profit and loss. Had the accounting principles generally accepted in India been followed, the expense in the statement of profit and loss would have been higher by ₹838.63 lakh and the profit after tax (including other comprehensive income) and the balance of other equity would have been lower by ₹838.63 lakh. Our opinion is not modified in respect of this matter.

Other Matters

10. We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of ₹680.45 lakh and net assets of ₹46.50 lakh as at 31 March 2017, total revenues of ₹320.03 lakh and net cash outflows amounting to ₹98.32 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

    Further, we did not audit the financial statements of the retail segment of Hindware Home Retail Private Limited ('the Demerged Undertaking') which has been demerged and vested into the financial statements of the Holding Company in accordance with Note 60 to these consolidated financial statements, whose financial statement reflects total assets of ₹4,619.75 lakh and net assets of ₹938.52 lakh as at 31 March 2017, total revenues of ₹9,592.68 lakh and net cash inflows of ₹40.72 lakh for the year ended on that date. The financial statement of such Demerged Undertaking has been audited by another auditor whose report has been furnished to us by the management of the Holding Company and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of the aforementioned Demerged Undertaking, is based solely on the report of such other auditor. Further, the financial statement of the Demerged Undertaking for the year ended 31 March 2016 included in these consolidated financial results was audited by the other auditor who expressed an unmodified opinion on such financial statement vide its audit report dated 20 May 2016.

    Our opinion above on the consolidated financial statements and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors and the financial statements certified by the management.

11. The Holding Company had prepared separate sets of consolidated financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports dated 23 May 2016 and 18 May 2015 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

12. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

    e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure I'; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiaries:

        (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 50 to the consolidated financial statements;

        (ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

        (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies covered under the Act; and

        (iv) These consolidated financial statements have made requisite disclosures as to holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 by the Holding Company and its subsidiary companies. Based on the audit procedures performed and taking into consideration the information and explanations given to us and on consideration of the reports of the other auditors on separate financial statements, in our opinion, the total receipts, total payments and total amount deposited in banks are in accordance with the books of account maintained by the respective companies. However, in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of classification between Specified Bank Notes and other denomination notes of 'Permitted receipts', 'Non-permitted receipts', 'Permitted payments' and 'Amount deposited in banks' as disclosed under such Note.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Lalit Kumar
Partner
Membership No.: 095256

Place: Gurugram
Date: 18 May 2017

Annexure I

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of HSIL Limited ('the Holding Company') and its subsidiaries, (the Holding Company and its subsidiaries together referred to as the 'Group'), as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company and its subsidiary company which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary company as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary company, as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including

the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary company, which is a company incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

Other Matters

9. We did not audit the IFCoFR insofar as it relates to one subsidiary company, which is a company incorporated in India, whose financial statements reflect total assets of ₹680.45 lakh as at 31 March 2017, total revenues of ₹320.03 lakh and net cash outflows amounting to ₹ 98.32 lakh for the year ended on that date; which has been considered in the consolidated financial statements. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its subsidiary company, which is a company incorporated in India, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiary which is a company incorporated in India, is solely based on the corresponding report of the auditor of such company. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Lalit Kumar
Partner
Membership No.: 095256

Place: Gurugram
Date: 18 May 2017

Consolidated Balance sheet as at 31 March 2017

(₹ in lakh)

Particulars	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
1. **Non-current assets**				
(a) Property, plant and equipment	5	1,47,626.22	1,48,168,59	1,53,266.60
(b) Capital work-in-progress		15,157.87	6,252.97	3,354.28
(c) Goodwill	6	2,694.22	2,694.22	2,694.22
(d) Goodwill on consolidation		-	-	347.44
(e) Other intangible assets	7	422.23	546.80	725.65
(f) Financial assets				
(i) Investments	8	3,147.11	2,918.91	2,858.61
(ii) Loans	9	1,781.15	1,729.38	1,544.36
(iii) Other financial assets	10	30.04	881.61	1,245.77
(g) Current tax assets (net)	11	5,436.72	2,838.90	-
(h) Other non-current assets	12	11,498.77	4,276.43	3,233.31
Total non-current assets		**1,87,794.33**	**1,70,307.81**	**1,69,270.24**
2. **Current assets**				
(a) Inventories	13	49,249.68	49,005.54	47,436.33
(b) Financial assets				
(i) Investments	14	10,455.14	-	8.87
(ii) Trade receivables	15	39,754.62	39,006.19	41,378.23
(iii) Cash and cash equivalents	16	13,994.01	1,669.38	1,945.62
(iv) Bank balances other than (iii) above	17	437.68	343.18	577.47
(v) Loans	18	118.23	109.86	323.54
(vi) Other financial assets	19	263.93	0.15	0.64
(c) Other current assets	20	6,415.20	5,022.36	4,414.66
Total current assets		**1,20,688.49**	**95,156.66**	**96,085.36**
Total assets		**3,08,482.82**	**2,65,464.47**	**2,65,355.60**
EQUITY AND LIABILITIES				
1. **Equity**				
(a) Equity share capital	21	1,445.97	1,445.97	1,445.97
(b) Other equity	22	1,43,206.73	1,37,203.51	1,29,476.08
Total equity		**1,44,652.70**	**1,38,649.48**	**1,30,922.05**
Liabilities				
2. **Non-current liabilities**				
(a) Financial liabilities				
(i) Borrowings	23	33,909.40	20,836.94	35,854.88
(ii) Other financial liabilities	24	3,415.01	1,911.66	1,612.42
(b) Provisions	25	958.95	783.49	712.96
(c) Deferred tax liabilities (net)	26	20,768.33	20,759.32	17,659.42
(d) Other non-current liabilities	27	154.44	82.74	132.43
Total non-current liabilities		**59,206.13**	**44,374.15**	**55,972.11**
3. **Current liabilities**				
(a) Financial liabilities				
(i) Borrowings	28	50,370.01	29,217.04	21,243.94
(ii) Trade payables	29	19,672.50	15,464.65	14,546.83
(iii) Other financial liabilities	30	30,446.06	32,107.78	36,522.53
(b) Other current liabilities	31	3,837.07	5,331.47	5,133.01
(c) Provisions	32	298.35	319.90	294.41
(d) Current tax liabilities (net)	33	-	-	720.72
Total current liabilities		**1,04,623.99**	**82,440.84**	**78,461.44**
Total liabilities		**1,63,830.12**	**1,26,814.99**	**1,34,433.55**
Total equity and liabilities		**3,08,482.82**	**2,65,464.47**	**2,65,355.60**

Notes 1 to 61 form an integral part of these consolidated financial statements

In terms of our report attached.

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Per Lalit Kumar
Partner
Place : Gurugram
Date : 18 May 2017

Payal M. Puri
Company Secretary
ACS No. 16068

Sandeep Sikka
Chief Financial Officer

Consolidated statement of profit and loss for the year ended 31 March 2017

(₹ in lakh)

	Particulars	Note	Year ended 31 March 2017	Year ended 31 March 2016
I	Revenue from operations	34	2,23,309.27	2,12,847.50
II	Other income	35	455.64	1,471.81
III	**Total Income**		**2,23,764.91**	**2,14,319.31**
IV	**Expenses**			
	Cost of materials consumed	36	37,059.39	37,576.98
	Purchases of stock-in-trade	37	44,108.34	40,724.72
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	38	(648.49)	(2,029.30)
	Excise duty		15,492.15	14,974.01
	Employee benefits expense	39	28,658.65	25,058.46
	Finance costs	40	3,348.10	4,124.51
	Depreciation and amortisation expense	41	11,086.67	11,457.07
	Other expenses	42	69,966.34	65,016.70
	Total expenses		**2,09,071.15**	**1,96,903.15**
V	**Profit before exceptional items and tax**		**14,693.76**	**17,416.16**
VI	**Exceptional items**		-	1,643.46
	Less: transferred from business reconstruction reserve (refer note 38 and 56)		-	(1,643.46)
VII	**Profit before tax**		**14,693.76**	**17,416.16**
VIII	**Tax expense**	43		
	(1) Current tax		4,889.31	3,586.15
	Less: Minimum alternate tax credit		-	(234.53)
	(2) Deferred tax		(224.84)	3,215.06
	Total tax expense		**4,664.47**	**6,566.68**
IX	**Profit for the year**		**10,029.29**	**10,849.48**
X	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plan		81.20	(127.49)
	(b) Change in fair value charges in equity instruments through other comprehensive income		228.42	60.50
	(ii) Income-tax relating to these items		(55.94)	62.11
	Other comprehensive income, net of tax		**253.68**	**(4.88)**
XI	**Total comprehensive income for the year**		**10,282.97**	**10,844.60**
XII	Earnings per equity share (of ₹ 2/- each):			
	Basic and diluted		13.87	15.01

Notes 1 to 61 form an integral part of these consolidated financial statements

In terms of our report attached.

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Per Lalit Kumar
Partner
Place : Gurugram
Date : 18 May 2017

Payal M. Puri
Company Secretary
ACS No. 16068

Sandeep Sikka
Chief Financial Officer

Consolidated cash flow statement for the year ended 31 March 2017

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,693.76	17,416.16
Adjustments for:		
Finance costs	3,348.10	4,124.51
Investment income	(8.19)	(25.56)
Interest income	(188.41)	(233.03)
Goodwill on consolidation impaired	-	347.44
Gain on disposal of property, plant and equipment	(19.54)	(78.37)
Loss on disposal of property, plant and equipment	317.19	130.25
Net (gain) arising on current investments	(5.14)	-
Sundry balances and liabilities no longer required, written back	(208.99)	(1,030.02)
Provision for expected credit loss	618.20	557.69
Bad debts written off	38.21	21.16
Depreciation and amortisation expense	11,086.67	11,457.07
Net foreign exchange (gain)	(377.95)	(5.51)
	29,293.91	**32,681.79**
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(857.27)	1,909.09
(Increase) in inventories	(1,082.77)	(1,569.22)
(Increase) in other assets	(4,957.33)	(894.24)
Decrease in trade and other liabilities	5,153.40	5,938.64
Decrease in provisions	154.56	96.42
Cash generated from operations	**27,704.50**	**38,162.48**
Income taxes paid	(7,281.34)	(7,102.73)
Net cash generated by operating activities	**20,423.16**	**31,059.75**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments to acquire financial assets	(20,184.78)	(13,370.93)
Proceeds on sale of financial assets	9,743.19	13,405.56
Interest received	75.27	410.23
Amounts advanced to related parties	40.78	-
Payments for property, plant and equipment	(22,581.04)	(7,793.97)
Proceeds from disposal of property, plant and equipment	142.30	372.18
Movement in other bank balances	(96.81)	340.00
Net cash generated/(used in)by investing activities	**(32,861.09)**	**(6,636.93)**

Consolidated cash flow statement for the year ended 31 March 2017

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	22,986.56	299.24
Repayment of borrowings	(12,558.97)	(25,625.33)
Movement in short term borrowings (net)	21,142.89	7,973.13
Taxes on dividend paid	(588.71)	(515.13)
Dividends paid to owners of the Company	(2,880.91)	(2,516.34)
Interest paid	(3,338.30)	(4,314.63)
Net cash generated/(used in) financing activities	**24,762.56**	**(24,699.06)**
Net increase in cash and cash equivalents:	**12,324.63**	**(276.24)**
Cash and cash equivalents at the beginning of the year	1,669.38	1,945.62
Cash and cash equivalents at the end of the year	**13,994.01**	**1,669.38**

Notes 1 to 61 form an integral part of these consolidated financial statements

In terms of our report attached.

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Per Lalit Kumar
Partner
Place : Gurugram
Date : 18 May 2017

Payal M. Puri
Company Secretary
ACS No. 16068

Sandeep Sikka
Chief Financial Officer

Consolidated statement of changes in equity for the year ended 31 March 2017

a. Equity share capital

(₹ in lakh)

Particulars	Number	Amount
Issued and paid up capital		
Balance as at 1 April 2015	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2016	7,22,96,395	1,445.97
Changes in equity share capital during the year	-	-
Balance as at 31 March 2017	**7,22,96,395**	**1,445.97**

Consolidated statement of changes in equity for the year ended 31 March 2017 (contd.)

b. Other equity

(₹ *in lakh*)

Particulars	Reserves and Surplus							Other comprehensive income		Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Foreign currency translation reserve	Retained earnings	Actuarial gain / (loss)	FVOCI - equity instru-ments	
Balance as at 1 April 2015	**120.80**	**45,497.87**	**24,903.64**	**15.00**	**22,201.47**	**(34.90)**	**35,059.74**	**-**	**1,712.46**	**1,29,476.08**
Profit for the year	-	-	-	-	-	66.76	10,849.48	-	-	10,916.24
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	-	(84.45)	79.57	(4.88)
Total comprehensive income for the year	-	-	-	-	-	66.76	10,849.50	(84.45)	79.57	10,911.36
Less: Transactions with owners in their capacity as owners Payment of equity dividends (including dividend distribution tax)	-	-	-	-	-	-	3,045.50	-	-	3,045.50
Less: Deferred tax charge on business reconstruction reserve for the year	-	-	-	-	138.43	-	-	-	-	138.43
Balance as at 31 March 2016	120.80	45,497.87	24,903.64	15.00	22,063.04	31.86	42,863.73	(84.45)	1,792.03	1,37,203.51
Profit for the year	-	-	-	-	-	11.57	10,029.29	-	-	10,040.86
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	-	52.40	201.28	253.68
Total comprehensive income for the year	-	-	-	-	-	11.57	10,029.29	52.40	201.28	10,294.54
Less: Transactions with owners in their capacity as owners Payment of equity dividend (including dividend distribution tax)	-	-	-	-	-	-	3,480.57	-	-	3,480.57
Less: Transfer to statement of profit and loss during the year (also refer note 56}	-	-	-	-	838.63	-	-	-	-	838.63
Less: Deferred tax charge/(benefits) on business reconstruction reserve for the year	-	-	-	-	(27.88)	-	-	-	-	(27.88)
Balance as at 31 March 2017	120.80	45,497.87	24,903.64	15.00	21,252.29	43.43	49,412.40	(32.05)	1,993.31	1,43,206.73

Notes 1 to 61 form an integral part of these consolidated financial statements

In terms of our report attached.

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Per Lalit Kumar
Partner
Place : Gurugram
Date : 18 May 2017

Payal M. Puri
Company Secretary
ACS No. 16068

Sandeep Sikka
Chief Financial Officer

Note 1 - CORPORATE INFORMATION

HSIL Limited (the 'Parent Company') is a public limited company incorporated in India. The registered office of the Parent Company is situated in Kolkata and the corporate office is in Gurugram. The Parent Company is into the business of manufacturing, selling and trading of building products, glass products, consumer products, plastic products and retail business. The Parent Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited.

The consolidated financial statements include the consolidated balance sheet, consolidated statement of profit and loss, consolidated cash flow statement and consolidated statement of changes in equity of the Parent Company and its undermentioned subsidiaries (hereinafter referred as the 'Group')-

Company	Date of shareholding/ membership	Country of incorporation	% of shareholding
Hindware Home Retail Private Limited	9 September 2006	India	100%
Halis International Limited	14 January 2009	Mauritius	100%
Alchemy International Cooperatief U.A.	24 April 2009	Netherland	100%
(subsidiary of Halis International Limited)			
Haas International B.V.	8 July 2009	Netherland	100%
(subsidiary of Alchemy International Cooperatief U.A.)			
KS 615 Limited (formerly known as Barwood Products Limited)	23 June 2010	United Kingdom (UK)	100%
(subsidiary of Haas International B.V.)			
Queo Bathroom Innovations Limited (subsidiary of Haas International B.V.)	7 November 2016	United Kingdom (UK)	100%
HSIL Associates Limited (ceased to be subsidiary with effect from 19 May 2015)	4 September 2008	India	100%

Note 2 - APPLICATION OF NEW AND REVISED INDIAN ACCOUNTING STANDARD ("Ind AS")

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the consolidated financial statements are authorized have been considered in preparing these consolidated financial statements.

2.1 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payments.' The amendments are applicable to the Group from 1 April 2017.

Amendment to Ind AS 7: The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and the effect on the consolidated financial statements is being evaluated.

Amendment to Ind AS 102: The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

The Group has not issued any share options plans, hence this amendment will have no effect on the Group's consolidated financial statements.

Note 3 - SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements the Parent company and its subsidiaries. Control is gained when the Parent Company:

- Has power over the investee
- Is exposed or has rights to variable return from its involvement with the investee, and
- Has the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights
- The size of the Parent Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

   Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.2 Statement of compliance with Indian Accounting Standards (Ind AS)

The consolidated financial statements of the Group have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the consolidated financial statements for the year ended 31 March 2017 are the Group's first Ind AS consolidated financial statements. For periods up to and including the year ended 31 March 2016, the Group prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Refer note 4 for the explanation of transition from previous GAAP to Ind AS.

The consolidated financial statements of the Group as at and for the year ended 31 March 2017 (including comparatives) were approved and authorised for issue by the Board of Directors on 18 May 2017.

3.3 Overall considerations and first time adoption of Ind AS

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below;

These accounting policies have been used throughout all periods presented in the consolidated financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS.

In accordance with Ind AS 101, the Group presents three balance sheets, two statement of profit and loss, two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented, in its first Ind AS consolidated financial statements.

3.4 Historical cost convention

These consolidated financial statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

3.5 Business combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, 'Income Taxes' and Ind AS 19, 'Employee Benefits', respectively. Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

3.6 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer Note 6 for a description of impairment testing procedures.

3.7 Revenue recognition

Revenue arises from sale of goods and rendering of services. It is measured at the fair value of the consideration received or receivable excluding sales tax and reduced by any rebates and trade discount allowed.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the accounting period in which such services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

Interest and dividend

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive payment is established.

3.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as the lessor

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit and loss.

Group as the lessee

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the consolidated statement of profit and loss on straight-line basis unless the payments are structured to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increases.

3.9 Foreign currency transactions and translations

Initial recognition

The Group's consolidated financial statements are presented in INR, which is also the Group's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Group, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Treatment of exchange difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred and reported in finance cost.

3.11 Government grants

On transition to Ind AS, the group has availed exemption under Ind AS 101 First-time Adoption of Indian Accounting Standards in respect of interest free government loan (in form of deferred Sales Tax liability). Accordingly, the Group has not separately accounted for government grant for the difference between proceeds received and the fair value of the liability based on prevailing market interest rates.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

3.12 Employee benefits

Employee benefits include provident fund, pension fund, gratuity and compensated absences.

Defined contribution plans

The group's contribution to provident fund and pension fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees. The Group has no legal or constructive obligation to pay contribution in addition to its fixed contribution.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using 'the Projected Unit Credit method', with actuarial valuations being carried out at each Balance Sheet date. Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are allowed to carried forward over a period in excess of 12 months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date out of which the obligations are expected to be settled.

3.13 Taxation

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Group recognizes MAT credit available an asset only to the extent there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Group recognizes MAT Credit as an asset, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement".

The Group reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period. The MAT Credit Entitlement is disclosed under the head 'Deferred tax liabilities (net)'.

Deferred tax

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Parent Company's/its subsidiary's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although Ind AS 12, Income Taxes, specifies limited exemptions.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.14 Operating cycle

Based on the nature of products/activities of the Group and the normal time between purchase of raw materials and their realisation in cash or cash equivalents, the Group has determined its operation cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3.15 Operating expenses

Operating expenses are recognised in statement of profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold.

3.16 (a) Property, plant and equipment

Freehold land is carried at historical cost except for certain class of land which had been revalue in financial year 2009-10 and 2011-12 . All other items of Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipment are stated at their original cost including freight, duties, taxes and other incidental expenses relating to acquisition and installation.

The carrying amount of assets, including those assets that are not yet available for use, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, recoverable amount of asset is determined. An impairment loss is recognised in the statement of profit and loss whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises the new part and is depreciated accordingly. Further, when major overhauling/ repair are performed, the cost associated with this is capitalised, if the recognition criteria are satisfied, and is then depreciated over the remaining useful life of asset or over the period of next overhauling due, whichever is earlier. All other repair and maintenance costs are recognised in the statement of profit and loss as and when incurred.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(b) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses (if any). Cost related to technical assistance for new projects are capitalised.

(c) Capital work-in-progress

Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment. Capital work-in-progress includes capital inventory.

(d) Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment as at 1April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

3.17 Depreciation and amortisation

Depreciation is charged on a pro-rata basis on the straight line method at rates prescribed in Schedule II to the Companies Act, 2013 and is charged to the statement of profit and loss. Freehold land is not depreciated.

The estimated useful life of the items of property, plant and equipment are as follows:

Asset class	Useful life
Property, plant and equipment	
Plant and machinery	7.5-25 years*
Buildings	10-60 years
Furniture and fixtures	10 years
Office equipment	5 years
Computer	3-6 years
Vehicles	8 years**
Intangible assets	
Technical know-how	10 years
Software	6 years
Trademarks	10 years

* Furnaces, part of the glass plant of the Parent Company, includes in plant and machinery are depreciated over a life of 6.5 years which is different from life prescribed in Schedule II of the Act, based on independent chartered engineer certificate.

** Vehicles are being depreciated using written down value method as per life of 8 years mentioned in Schedule II of the Act.

3.18 Impairment of property, plant and equipment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

3.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

3.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

3.21 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Costs of inventories are determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3.22 Provisions and contingencies

A provision is recognised in the consolidated financial statements where there exists a present obligation as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes unless the outflow of resources is considered to be remote. Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

3.23 Equity, reserves and dividend payments

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings include current and prior period retained profits. All transactions with owners of the Parent Company are recorded separately within equity.

Dividend distribution payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

3.24 Earnings per share

Basic earnings or loss per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings or loss per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.25 Fair value measurement

The Group measures financial instruments such as investments in mutual funds, investment in certain equity shares etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level

input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.26 Financial instruments

I. Financial assets

a. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset, which are not at fair value through profit and loss, are added to fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

b. Subsequent measurement

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit and loss.

c. Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its assets measured at amortised cost and assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 44 details how the Group determines whether there has been a significant increase in credit risk.

d. Derecognition of financial assets

A financial asset is derecognised when:

- The Group has transferred the right to receive cash flows from the financial assets or

- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity transfers the financial asset, it evaluates the extent to which it retains the risk and rewards of the ownership of the financial assets. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of the ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the Group retains control of the financial assets, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

II. Financial liabilities

Initial recognition and subsequent measurement

All financial liabilities are recognized initially at fair value and in case of borrowings and payables, net of directly attributable cost.

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Changes in the amortised value of liability are recorded as finance cost.

III. Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future date.

IV. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.27 Derivative financial instruments

The Parent Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 45.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

3.28 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Estimation of defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(ii) Estimation of current tax and deferred tax

Management judgment is required for the calculation of provision for income - taxes and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in the consolidated financial statements.

(iii) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain property, plant and equipment.

(iv) Impairment of trade receivables

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is recognised based on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(v) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (refer note 45).

3.29 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has four operating/reportable segments: building products, packaging products, consumer products and retail business segments. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, unallocated assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

Note 4. FIRST-TIME ADOPTION OF IND-AS

These consolidated financial statements, for the year ended 31 March 2017, are the first financial statements prepared by the Group in accordance with Ind-AS. For periods up to and including the year ended 31 March 2016, the group prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP' or 'previous GAAP').

Accordingly, the Group has prepared consolidated financial statements which comply with Ind-AS applicable for periods ended 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2015, the Group's date of transition to Ind-AS. This note explains the principal adjustments made by the Group in restating its previous GAAP consolidated financial statements, including the balance sheet as at 1 April 2015 and the consolidated financial statements as at and for the year ended 31 March 2016.

The Group has applied Ind AS 101 in preparing these first consolidated financial statements. The effect of transition to Ind AS on equity, total comprehensive income and reported cash flows are presented in this section and are further explained in the notes that accompany the tables.

Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Ind AS optional exemptions:

1. The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1 April 2015. Consequently,

- The Group has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- The Group has not recorded assets and liabilities that were not recognised in accordance with previous GAAP in the balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree;
- The Group has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;

Ind AS 101 also requires that the previous GAAP carrying amount of goodwill must be used in the opening Ind AS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with Ind AS 101, the Group has tested goodwill for impairment at the date of transition to Ind AS. No goodwill impairment was deemed necessary at 1 April 2015.

2. Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

3. The Group has availed the optional exemption under Ind

AS 101 for the continuance of accounting of capitalisation of foreign currency exchange differences as part of eligible assets arising from the translation of the long-term foreign currency monetary items existing on or before 31 March 2016.

4. Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. As per Ind AS 17, this assessment should be carried out at inception of the contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements based on conditions in place as at the date of transition.

5. The Group has availed the optional exemption under Ind AS 101 for the continuance of the carrying value of Investments in subsidiaries same as under the previous GAAP.

6. Government Grants - the Group on transition was not doing the recognition and measurement of government loan at below market rate of interest, on transition date carrying amount under previous GAAP of deferred sales tax loans has been considered opening value under Ind AS.

Ind AS mandatory exceptions:

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively, for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively, from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Group has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Reconciliation of equity as previously reported under Indian GAAP to Ind AS

(₹ in lakh)

Particulars	Notes	As at 31 March 2016 (end of last period presented under previous GAAP)	As at 1 April 2015 (Date of Transition)
Equity as reported under previous GAAP		1,37,793.52	1,32,308.80
Ind AS: Adjustments increase (decrease):			
Deferred tax assets recognised on account of business combination under common control entity		4,179.20	3,306.45
Impact of proposed dividend and related distribution tax	(a)	3,480.57	3,036.30
Impact of fair value of the outstanding derivative contract	(b)	2,088.52	1,114.90
Impact of fair value of the Investments designated as fair value through other comprehensive income	(c)	1,837.23	1,776.73
Impact of financial assets and liabilities at amortised cost	(d)	(131.76)	(105.11)
Impact of testing of goodwill for impairment	(e)	673.70	-
Others		(66.00)	
Impact of deferred tax liability (net)			
- On revaluation of land done in the earlier years		(10,204.33)	(10,065.90)
- On other Ind AS adjustments		(1,001.15)	(450.12)
Equity as reported under Ind AS		**1,38,649.48**	**1,30,922.05**

a. Proposed dividend

Under previous GAAP, proposed dividends are recognised as liability in the period to which they relate irrespective of the approval by shareholders. However, under Ind AS, proposed dividend is recognised as liability in the period in which it is declared (on approval of shareholders in a general meeting) or paid.

b. **Derivative contract**

Under previous GAAP, mark-to-market losses on derivative contracts were recognised whereas the gain arising on the said contracts were ignored. However, under Ind AS, all derivative are measured at fair value through profit and loss and mark-to-market gain/losses are recorded in the relevant period.

c. **Investments others than investment in subsidiary, joint arrangement and associates**

Under previous GAAP, non-current investments were measured at cost less any diminution in value of investments other than temporary. However, under Ind AS, these financial assets have been classified as fair value through other comprehensive income (FVTOCI).

d. **Financial assets and liabilities**

Under previous GAAP, the financial assets and financial liabilities were carried at cost. However, under Ind AS, certain financial assets and financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

e. **Goodwill arising on amalgamation**

Under previous GAAP, the goodwill arising on amalgamation was being amortised over a specified period. However, under Ind AS, the same is tested for impairment at each reporting date.

Reconciliation of comprehensive income as previously reported under Indian GAAP to Ind AS

(₹ in lakh)

Reconciliation of profit	Year ended 31 March 2016 end of last period presented under previous GAAP)	
	Notes	Amount
Net profit as per previous GAAP		8,904.12
Restatements of results		872.75
Ind AS: Adjustments increase (decrease):		
Impact due to reversal of amortisation of goodwill arising on amalgamation	(a)	673.70
Impact of fair valuation of derivative contracts	(b)	973.61
Impact of financial assets and liabilities at amortised cost	(c)	(15.60)
Impact of actuarial gain/loss on defined benefit plans	(d)	124.35
Others		(70.30)
Impact of deferred tax liability (net) on account of the above adjustments		(613.15)
Total adjustment to profit or loss		**1,072.61**
Profit or (loss) under Ind AS		**10,849.48**
Other comprehensive income		(4.88)
Total comprehensive income under Ind AS		**10,844.60**

Note: No statement of comprehensive income was prepared under previous GAAP. Therefore, the reconciliation starts with net profit as per previous GAAP.

a. Under previous GAAP, the goodwill arising on amalgamation was being amortised over a specified period. However, under Ind AS, the same is tested for impairment at each reporting date.

b. Under the previous GAAP, mark-to-market losses on derivative contracts were recognised whereas the gain arising on the said contracts were ignored. However, under Ind AS, all derivatives are measured at fair value through profit and loss and mark-to-market gain/losses are recorded in the relevant period.

c. Under previous GAAP, the financial assets and financial liabilities were carried at cost. However, under Ind AS, certain financial assets and financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

d. Under the previous GAAP, the actuarial gains/losses arising on defined benefit plans was being charged to the statement of profit and loss. However, under Ind AS the same is recognised in other comprehensive income.

Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016

(₹ in lakh)

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	29,595.75	1,464.00	31,059.75
Net cash flow from investing activities	(6,073.22)	(563.71)	(6,636.93)
Net cash flow from financial activities	(23,798.75)	(900.31)	(24,699.06)
Net increase/ (decrease) in cash and cash equivalents	(276.22)	(0.02)	(276.24)
Cash and cash equivalents as at 1 April 2015	1,945.51	0.11	1,945.62
Cash and cash equivalents as at 31 March 2016	1,669.29	0.09	1,669.38

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2017

Note 5 - PROPERTY, PLANT AND EQUIPMENT

(₹ in lakh)

Description of assets	Land - Freehold	Buildings	Leasehold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
I. Gross block									
Deemed cost as at 1 April 2015	51,004.78	32,756.14	908.45	63,514.85	505.36	2,526.73	570.50	1,479.79	1,53,266.60
Additions	-	854.35	37.86	1,572.95	103.34	672.82	198.50	299.91	3,739.73
Disposals	-	(16.19)	(18.52)	(55.40)	(2.51)	(89.30)	(1.64)	(378.62)	(562.18)
Effect of foreign currency translation on long term monetary items	-	512.72	-	2,352.54	-	-	-	-	2,865.26
Balance as at 31 March 2016	51,004.78	34,107.02	927.79	67,384.94	606.19	3,110.25	767.36	1,401.08	1,59,309.41
Additions	-	2,293.63	26.07	6,003.97	111.90	1,013.48	287.74	1,352.25	11,089.04
Disposals	-	-	(245.16)	(46.85)	(20.21)	(121.26)	(23.65)	(217.25)	(674.38)
Effect of foreign currency translation on long term monetary items	-	(17.49)	-	(145.27)	-	-	-	-	(162.76)
Balance as at 31 March 2017	51,004.78	36,383.16	708.70	73,196.79	697.88	4,002.47	1,031.45	2,536.08	1,69,561.31
II. Accumulated depreciation and amortisation									
Depreciation and amortisation charge for the year	-	1,325.02	136.26	8,502.27	221.16	488.40	199.80	376.20	11,249.11
Disposals	-	(0.48)	(1.09)	(21.67)	(0.85)	(5.55)	(0.78)	(77.87)	(108.29)
Balance as at 31st March 2016	-	1,324.54	135.17	8,480.60	220.31	482.85	199.02	298.33	11,140.82
Depreciation and amortisation charge for the year	-	1,379.81	81.46	8,169.16	151.18	523.15	233.15	490.79	11,028.70
Disposals	-	-	(8.35)	(9.07)	(15.83)	(12.15)	(21.31)	(167.72)	(234.43)
Balance as at 31 March 2017	-	2,704.35	208.28	16,640.69	355.66	993.85	410.86	621.40	21,935.09
Net block (I-II)									
Balance as at 31 March 2017	51,004.78	33,678.81	500.42	56,556.10	342.22	3,008.62	620.59	1,914.68	1,47,626.22
Balance as at 31 March 2016	51,004.78	32,782.48	792.62	58,904.34	385.88	2,627.40	568.34	1,102.75	1,48,168.59
Balance as at 1 April 2015	51,004.78	32,756.14	908.45	63,514.85	505.36	2,526.73	570.50	1,479.79	1,53,266.60

Notes:

1. Refer note 23 and 28 for information on property, plant and equipment pledged as security by the Group.
2. Capital work-in-progress mainly comprises of cost incurred on building, plant and equipments etc. which are currently under construction.
3. Foreign exchange gain amounting to ₹ 162.76 lakh (previous year 31 March 2016 loss of ₹ 2,865.26 lakh) has been capitalised to the cost of property, plant and equipment during the year ended 31 March 2017 for exchange differences arising from translation of long-term foreign currency monetary items recognised prior to 31 March 2016.

Note 6 - GOODWILL

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Gross carrying value	2,694.22	2,694.22	2,694.22

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period

(₹ in lakh)

Goodwill	Amount
Balance as at 1 April 2015	2,694.22
Accumulated impairment	-
Balance as at 31 March 2016	2,694.22
Accumulated impairment	-
Balance as at 31 March 2017	2,694.22

Allocation of goodwill to cash generating units:

For the purpose of impairment testing, goodwill is allocated to the Garden Polymers division which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, which is not higher than the Parent company's operating segments.

The Parent company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units (""CGU"") is determined from value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been determined in light of the economic environment which has resulted in more conservative estimates about the future. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. (A reduction in the availability of credit has led to an increase in the cost of capital and therefore, the discount rate applied to future cash flows has increased.) Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. It is anticipated that sales volumes will remain at a similar level to the current year taking into account the market conditions.

The Parent company has conducted a sensitivity analysis on the impairment test of CGU carrying value. Change in the discount rate and growth rate by +/- 1% points would not impact in carrying value of goodwill (with other factors remains constant).

Value in use has been determined by discounting the future cash flows generated from the continuing use of the unit. Unless indicated otherwise, value in use in 2016-17 has been determined similarly as in 2015-16. The calculation of the value in use is based on the following key assumptions:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Discount rate	10%	10%	10%
Terminal value of growth rate	2%	2%	2%
Budgeted EBITDA growth rate	2%	2%	2%

Note 7 - OTHER INTANGIBLE ASSESTS

(₹ in lakh)

Description of assets	Technical knowhow	Computer software	Trademarks	Total
I. Gross block				
Deemed cost as at 1 April 2015	103.47	611.45	10.73	725.65
Additions	-	-	30.43	30.43
Disposals	-	(1.48)	-	(1.48)
Balance as at 31 March 2016	103.47	609.97	41.16	754.60
Additions	-	35.89	-	35.89
Disposals	-	-	-	-
Balance as at 31 March 2017	103.47	645.86	41.16	790.49
II. Accumulated amortisation				
Amortisation charge for the year	21.31	179.55	7.44	208.30
Disposals	-	(0.50)	-	(0.50)
Balance as at 31 March 2016	21.31	179.05	7.44	207.80
Amortisation charge for the year	21.32	136.86	2.28	160.46
Disposals	-	-	-	-
Balance as at 31 March 2017	42.63	315.91	9.72	368.26
Net block (I-II)				
Balance as on 31 March 2017	60.84	329.95	31.44	422.23
Balance as on 31 March 2016	82.16	430.92	33.72	546.80
Balance as on 1 April 2015	103.47	611.45	10.73	725.65

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 20

Note 8 - NON CURRENT INVESTMENT

(₹ in Lakh)

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number	Amounts	Number	Amounts	Number	Amounts
A. Fair value through other comprehensive income (FVOCI)						
I. Quoted investments (fully paid up)						
Investments in equity instruments						
Neycer India Limited (face value ₹ 10 each)	125	0.01	125	0.01	125	0.01
Quoted investments (I)		**0.01**		**0.01**		**0.01**
II. Unquoted investments (fully paid-up)						
Investments in equity instruments						
Andhra Pradesh Gas Power Corporation Limited (face value ₹ 10 each)	8,04,000	3,139.27	8,04,000	2,910.83	8,04,000	2,850.33
Indian Plumbing Skills Council (face value ₹ 10 each)	60,000	6.00	60,000	6.00	60,000	6.00
Swastik Sanitarywares Limited (face value ₹ 10 each)	50	0.01	50	0.01	50	0.01
Unquoted investments (II)		3,145.28		2,916.84		2,856.34
Investments carried at FVOCI (AI+AII)		**3,145.29**		**2,916.85**		**2,856.35**
Total investments carried at fair value (A)		**3,145.29**		**2,916.85**		**2,856.35**
B. Investments carried at amortised cost						
Unquoted						
Investments in Government Securities						
National Savings Certificates*		1.82		2.06		2.26
Total investments carried at amortised cost (B)		**1.82**		**2.06**		**2.26**
Total investments (A+B)		**3,147.11**	-	**2,918.91**	-	**2,858.61**
Other disclosures						
Aggregate book value of quoted investments		0.01		0.01		0.01
Aggregate amount of market value of quoted investments		0.01		0.01		0.01
Aggregate amount of unquoted investments		3,147.10		2,918.90		2,858.60
Aggregate amount of impairment in value of investments		-		-		-

* Deposited with government authorities

Note 9 - NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured and considered good)			
Security deposits	1,781.15	1,725.15	1,536.48
Interest receivable	-	4.23	7.88
	1,781.15	**1,729.38**	**1,544.36**

Note 10 - NON-CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured and considered good)			
Derivatives designated as hedges			
- Foreign exchange forward contracts	-	854.98	1,114.90
Other financial assets			
- Interest accrued on deposits, loans and advances	5.40	4.30	2.82
Other bank balances			
- Deposit account with other banks for more than 1 year	24.64	22.33	128.05
	30.04	**881.61**	**1,245.77**

Note 11 - INCOME-TAX ASSETS (NET)

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advance income-tax (net)	5,436.72	2,838.90	-
	5,436.72	**2,838.90**	**-**

Note 12 - OTHER NON-CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured and considered good)			
Capital advances	5,568.99	1,944.39	1,187.80
Prepaid expenses	5,929.78	1,834.78	1,788.73
Balances with government authorities	-	497.26	256.78
	11,498.77	**4,276.43**	**3,233.31**

Note 13 - INVENTORIES

(valued at cost or net realisable value) (₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Raw materials	3,619.74	3,013.09	4,103.56
Work-in-progress	1,814.53	1,936.66	1,850.97
Finished goods	23,292.78	22,179.98	26,654.77
Stock-in-trade of goods acquired for trading	17,177.16	18,265.42	11,266.45
Stores and spares	2,029.79	2,379.01	2,210.58
Loose tools	10.60	8.51	9.99
Packing material	851.89	856.30	843.69
Oils, fuels, lubricants and others	453.19	366.57	496.32
	49,249.68	**49,005.54**	**47,436.33**
Included above, goods-in-transit:			
Raw materials	-	-	187.97
Stock-in-trade	133.04	93.60	28.62
Stores and spares	30.39	181.12	11.54
	163.43	**274.72**	**228.13**

Notes

Notes

1) In 2016-17, a total of ₹80,519.24 lakh (2015-16: ₹76,272.40 lakh) of inventories was included in the statement of profit or loss as an expense for inventories carried at net realisable value. This includes an amount of ₹838.63 lakh (2015-16: ₹ Nil) resulting from write-off of inventories.

2) Refer note 28 for information on inventory pledged as security by the Parent Company.

Note 14- CURRENT INVESTMENTS

(₹ in lakh)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Units	Amounts	Units	Amounts	Units	Amounts
Fair value through profit and loss (FVTPL)						
Quoted investments						
Investments in mutual fund						
ICICI Prudential Liquid- direct plan-growth	9,97,512.453	2,401.19	-	-	-	-
UTI Liquid Cash Plan-Institutional-direct plan-growth	90,157.024	2,401.11	-	-	-	-
HDFC Liquid Plan-direct plan-growth	77,945.555	2,501.21	-	-	3,279.42	8.87
BSL Cash Plus-direct plan-growth	12,06,092.783	3,151.63	-	-	-	-
		10,455.14		**-**		**8.87**

Note 15 - TRADE RECEIVABLES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured, considered good	458.69	505.29	665.27
Unsecured, considered good	39,295.93	38,500.90	40,712.96
Doubtful	2,292.96	2,081.95	1,524.26
	42,047.58	**41,088.14**	**42,902.49**
Less: Allowance for expected credit losses	2,292.96	2,081.95	1,524.26
	39,754.62	**39,006.19**	**41,378.23**

Movement in the allowance for expected credit losses

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016
Balance at beginning of the year	**2,081.95**	**1,524.26**
Expected credit losses provided for during the year	618.20	557.69
Amounts written off during the year	(407.19)	-
	2,292.96	**2,081.95**

Note 16 - CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks	822.41	236.83	322.32
Cheques, drafts on hand	1,382.80	921.21	781.87
Cash in hand	175.55	183.95	155.59
Remittance in transit	513.25	318.46	385.84
Fixed deposits with original maturity of less than three months	11,100.00	8.93	300.00
	13,994.01	**1,669.38**	**1,945.62**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

Note 17 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Earmarked balances with banks			
Unpaid dividends accounts *	112.21	101.26	87.23
Other bank balances			
Held as margin money in fixed deposits	307.23	225.04	475.73
Fixed deposits with original maturity of more than three months but less than twelve months	18.24	16.88	14.51
	437.68	**343.18**	**577.47**

Note

* Not due for deposit in the investor education and protection fund

Note 18 - CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured and considered good)			
Interest receivable	99.05	29.84	204.40
Other loans and advances	19.18	80.02	119.14
	118.23	**109.86**	**323.54**

Note 19 - CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured and considered good)			
Derivatives designated hedges			
- Foreign exchange forward contracts	263.93	-	-
Other financial assets			
- Interest accrued on deposits, loans and advances	-	0.15	0.64
	263.93	**0.15**	**0.64**

Note 20 - OTHER CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured and considered good)			
Prepaid expenses	158.12	66.37	71.66
Balances with government authorities	2,985.95	2,494.43	2,377.97
Others			
- Advance to suppliers	1,789.95	1,237.59	1,588.29
- Employee advances	123.42	42.36	21.81
- Other current assets	1,426.24	1,250.09	423.41
Less : Provision for doubtful other current assets	(68.48)	(68.48)	(68.48)
	6,415.20	**5,022.36**	**4,414.66**

Note 21 - EQUITY SHARE CAPITAL

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of shares	(₹ in lakh)	Number of shares	(₹ in lakh)	Number of shares	(₹ in lakh)
Authorised:						
Equity shares of ₹ 2 each	11,12,50,000	2,225.00	11,12,50,000	2,225.00	11,12,50,000	2,225.00
Issued:						
Equity shares of ₹ 2 each	7,23,00,220	1,446.00	7,23,00,220	1,446.00	7,23,00,220	1,446.00
Subscribed and fully paid:						
Equity shares of ₹ 2 each	7,22,96,395	1,445.93	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Forfeited shares		0.04		0.04		0.04
	7,22,96,395	1,445.97	7,22,96,395	1,445.97	7,22,96,395	1,445.97

(a) Reconciliation of share outstanding at the beginning and at the end of the reporting year

(₹ in lakh)

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number	(₹ in lakh)	Number	(₹ in lakh)	Number	(₹ in lakh)
Equity shares outstanding at the beginning of the year	7,22,96,395	1,445.93	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Add: Shares issued during the year	-	-	-	-		
Equity shares outstanding at the end of the year	**7,22,96,395**	**1,445.93**	**7,22,96,395**	**1,445.93**	**7,22,96,395**	**1,445.93**

(b) Terms and rights attached to equity shares

The Parent company has issued only one class of equity shares having par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Parent company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Parent company, the holder of equity shares will be entitled to receive remaining assets of the Parent company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) List of shareholders holding more than 5% of the equity share capital of the Company as at: *

Shareholders	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number	% of holding	Number	% of holding	Number	% of holding
Paco Exports Limited	2,12,80,000	29.43	2,06,64,530	28.58	2,06,64,530	28.58
Reliance Capital Trustee Company Limited	65,92,893	9.12	60,45,618	8.36	50,69,218	7.01
Sundaram Mutual Fund	39,39,064	5.45	40,52,309	5.61	38,36,494	5.31
Soma Investments Limited	42,35,000	5.86	40,00,000	5.53	40,00,000	5.53
New Delhi Industrial Promotors and Investors Limited	37,50,000	5.19	36,50,000	5.05	36,50,000	5.05
HDFC Trustee Company Limited	50,88,044	7.04	-	@	-	@

* *Information is furnished as per shareholder register as at the year end.*

@ Holding does not exceed 5% of the equity share capital of the Parent company.

(d) There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and bought back during the last 5 years.

(e) The above figure of subscribed and paid up capital includes application and allotment money received on forfeited shares amounting to ₹ 0.04 lakh (31 March 2016: ₹ 0.04 lakh).

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2017

Note 22 - OTHER EQUITY

(₹ *in lakh*)

Particulars	Reserves and Surplus							Other comprehensive income		Total
	Capital reserve	Securities premium reserve	General reserve	Capital redemption reserve	Business reconstruction reserve	Foreign currency translation reserve	Retained earnings	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 1 April 2015	120.80	45,497.87	24,903.64	15.00	22,201.47	(34.90)	35,059.74	-	1,712.46	1,29,476.08
Profit for the year	-	-	-	-	-	66.76	10,849.48	-	-	10,916.24
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	-	(84.45)	79.57	(4.88)
Total comprehensive income for the year	-	-	-	-	-	66.76	10,849.48	(84.45)	79.57	10,911.36
Less: Transactions with owners in their capacity as owners										
- Payment of equity dividends (including dividend distribution tax)	-	-	-	-	-	-	3,045.50	-	-	3,045.50
Deferred tax charge on business restructuring reserve for the year	-	-	-	-	138.43	-	-	-	-	138.43
Balance as at 31 March 2016	120.80	45,497.87	24,903.64	15.00	22,063.04	31.86	42,863.72	(84.45)	1,792.03	1,37,203.51
Profit for the year	-	-	-	-	-	11.57	10,029.29	-	-	10,040.86
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	-	52.40	201.28	253.68
Total comprehensive income for the year	-	-	-	-	-	11.57	10,029.29	52.40	201.28	10,294.54
Less: Transactions with owners in their capacity as owners										
- Payment of equity dividends (including dividend distribution tax)	-	-	-	-	-	-	3,480.57	-	-	3,480.57
Less: Transfer to statement of profit and loss during the year (also refer note 56)	-	-	-	-	838.63	-	-	-	-	838.63
Deferred tax charge/(benefit) on business restructuring reserve for the year	-	-	-	-	(27.88)	-	-	-	-	(27.88)
Balance as at 31 March 2017	120.80	45,497.87	24,903.64	15.00	21,252.29	43.43	49,412.44	(32.05)	1,993.31	143,206.73

Nature and purpose of other reserves:

1. Capital reserve was created on amalgamation of certain entities/undertaking into the Parent company.

2. Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

3. Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paidup capital of the Parent company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. It, inter alia, includes a sum of ₹10,000 lakh transferred from Business Reconstruction Reserve which cannot be used for issuance of bonus shares and distribution of dividend.

4. Capital redemption reserve is created against redemption of preference shares of the Parent Company.

5. Business reconstruction reserve was created in accordance with a scheme of arrangement approved by the Hon'ble High Court of Calcutta. This reserve can neither be utilised towards issuance of bonus shares nor towards distribution of dividend.

6. FVOCI equity instruments: The Parent Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Parent Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

7. Dividends paid (including dividend distribution tax) during the year ended 31 March 2017 of ₹ 3,480.57 lakh (₹ 4/- per equity share of ₹ 2/- each) were approved for payment.

Note 23 - NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Measured at amortised cost			
Secured			
Term loans from banks:			
foreign currency loans	28,636.17	27,796.32	44,065.15
rupee loans	9,590.89	425.92	7,927.23
	38,227.06	**28,222.24**	**51,992.38**
Unsecured			
-deferred payment liabilities	4,705.31	4,806.35	4,845.27
	4,705.31	**4,806.35**	**4,845.27**
	42,932.37	**33,028.59**	**56,837.65**
Less: Current maturities of long term borrowing (Note 30)	9,022.97	12,191.65	20,982.77
	33,909.40	**20,836.94**	**35,854.88**

Terms and conditions of outstanding borrowings are as follows:

Particulars	Currency	Nominal interest rate	Year of maturity	Carrying amount as at 31 March 2017	Carrying amount as at 31 March 2016	Carrying amount as at 1 April 2015	Remarks
Secured loan from bank - foreign currency loans	US Dollars	6 months LIBOR*+177 basis point system ('bps')	2015-16	-	-	2,704.90	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+200 bps	2015-16	-	-	2,128.08	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+181 bps	2015-16	-	-	1,212.69	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+225 bps	2016-17	-	497.50	1,721.25	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	3 Months LIBOR+130 bps	2016-17	-	742.47	2,101.77	Refer note 2 below
Secured loan from bank - foreign currency loans	US Dollars	LIBOR+250 bps	2018-19	-	9,137.36	10,499.61	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+130 bps	2018-19	7,313.79	10,958.19	12,843.62	Refer note 1 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+120 bps	2018-19	1,789.55	6,460.80	10,853.23	Refer note 3 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+130 bps	2018-19	6,564.91	-	-	Refer note 4 below
Secured loan from bank - foreign currency loans	US Dollars	6 Months LIBOR+197 bps	2024-25	12,967.92	-	-	Refer note 1 below
Secured loan from bank - rupee loans	₹	10.70%	2015-16	-	-	3,812.50	Refer note 5 below
Secured loan from bank - rupee loans	₹	10.80%	2015-16	-	-	2,900.00	Refer note 2 below
Secured loan from bank - rupee loans	₹	1 year MCLR** + 0.08%	2026-27	9,500.00	-	-	Refer note 6 below
Secured loan from bank - rupee loans	₹	Bank base rate+3.50%	2016-17	-	143.85	518.85	Refer note 7 below
Secured loan from bank - rupee loans	₹	9.30% - 13.60%	2016-17	90.89	282.07	695.88	Refer note 8 below
Unsecured Loan from others - Deferred payment liabilities	₹	0-3%	2030-31	4,705.31	4,806.35	4,845.27	Refer note 9 below

* LIBOR - London Inter Bank Offer Rate

** MCLR - Marginal Cost of funds based Lending Rate

Note:

1. Loans are secured by way of hypothecation of first *pari-passu* charge on movable fixed assets (both present and future) pertaining to the glass plants of the Parent Company situated at Sanathnagar and Bhongir in Telangana. Further, this was

Note 23 - NON CURRENT FINANCIAL LIABILITIES - BORROWINGS (contd.)

secured by first *pari-passu* charge by way of mortgage of deposit of title deeds of immovable properties (both present and future) of glass plants of the Parent Company situated at Sanathnagar and Bhongir in Telangana.

2. Loans were secured by first *pari-passu* charge by way of mortgage of deposit of title deeds of immovable property situated at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana.
3. Loan is secured by first *pari-passu* charge over all present and future movable and immovable fixed assets of the Sanitaryware plant situated at Bibinagar, Telangana.
4. Loan is secured by first *pari-passu* charge over all present and future movable and immovable fixed assets of the Sanitaryware plant situated at Bibinagar, Telangana and movable fixed assets of faucet plant situated at Kehrani, Rajasthan.
5. Loan was secured by first *pari-passu* charge on movable and immovable fixed assets situated at the Parent Company's the Sanitaryware plant in Parnala and Bahadurgarh, District Jhajjar, Haryana.
6. Loan is secured by first *pari-passu* charge on fixed assets of the Parent Company located at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana.
7. Loan was secured by way of charge on block of fixed assets both (present and future) of retail business of the Parent Company.
8. Vehicle loans are secured by way of hypothecation of the respective vehicles thus purchased.
9. Deferred payment liabilities from others (unsecured) is in respect of value added tax and central sales tax liabilities pertaining to the years 1999-2000 to 2012-2013 and are repayable by the end of financial year 31 March 2031. The outstanding amount of deferred sales tax credit is subject to assessment by sales tax authorities.

Note 24 - NON-CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade deposits	3,415.01	1,911.66	1,612.42
	3,415.01	**1,911.66**	**1,612.42**

Note 25 - NON-CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Long-term employee benefits (also refer note 47)			
Provision for compensated absences	689.78	561.32	497.69
Provision for warranty	269.17	222.17	215.27
	958.95	**783.49**	**712.96**

Details of movement in provision for warranty (including current portion)

Particulars	*(₹ in lakh)*
Balance as at 1 April 2015	329.93
Additional provisions recognised	125.18
Utilised during the year	109.13
Balance as at 31 March 2016	**345.98**
Balance as at 1 April 2016	345.98
Additional provisions recognised	219.81
Utilised during the year	150.59
Balance as at 31 March 2017	**415.20**

Warranty claims:

The provision for warranty claims represent the present value of best estimate of the future outflow of economic benefits that will be required under the Parent Company's obligations for warranties under the local sale of goods. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the two-year warranty period for all products sold.

Note 26 - DEFERRED TAX LIABILITIES (NET)

(₹ *in lakh)*

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April, 2015
Deferred tax liability arising on account of			
Difference between book balance and tax balance of property, plant and equipment	13,916.85	14,463.38	14,517.21
Land	10,176.45	10,204.33	10,065.90
Investments at fair value through OCI	72.41	45.20	64.27
	24,165.71	**24,712.91**	**24,647.38**
Deferred tax asset arising on account of			
Provision for doubtful debts and loans and advances	780.45	722.44	541.37
Provision for employee benefits	311.36	272.94	239.12
Foreign exchange adjustments on external commercial borrowings	2,248.89	2,667.01	2,930.53
Tax losses carried forward	-	-	3,208.61
Minimum alternate tax credit entitlement	-	234.53	-
Others	56.68	56.67	68.33
	3,397.38	**3,953.59**	**6,987.96**
	20,768.33	**20,759.32**	**17,659.42**

Deferred tax liability (net) in relation to:

Particulars	As at 31 March 2016	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	As at 31 March 2017
Deferred tax liability arising on account of					
Difference between book balance and tax balance of property, plant and equipment	14,463.38	(546.53)	-	-	13,916.85
Land	10,204.33	-	-	(27.88)	10,176.45
Investments at fair value through OCI	45.20	-	27.21	-	72.41
Sub total	**24,712.91**	**(546.53)**	**27.21**	**(27.88)**	**24,165.71**
Deferred tax asset arising on account of					
Provision for doubtful debts and loans and advances	722.44	58.01	-	-	780.45
Provision for employee benefits	272.94	38.42	-	-	311.36
Foreign exchange adjustments on external commercial borrowings	2,667.01	(418.12)	-	-	2,248.89
Others	56.67	0.01	-	-	56.68
Minimum alternate tax credit entitlement	234.53	(234.53)	-	-	-
Sub total	**3,953.59**	**(556.21)**	**-**	**-**	**3,397.38**
Net deferred tax liability	**20,759.32**	**9.68**	**27.21**	**(27.88)**	**20,768.33**

Note 26 - DEFERRED TAX LIABILITIES (NET) (contd.)

Deferred tax liability (net) in relation to:

Particulars	As at 1 April 2015	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	As at 31 March 2016
Deferred tax liability arising on account of					
Difference between book balance and tax balance of property, plant and equipment	14,517.21	(53.83)	-	-	14,463.38
Land	10,065.90	-	-	138.43	10,204.33
Investments at fair value through OCI	64.27	-	(19.07)	-	45.20
Sub total	**24,647.38**	**(53.83)**	**(19.07)**	**138.43**	**24,712.91**
Deferred tax asset arising on account of					
Provision for doubtful debts and loans and advances	541.37	181.07	-	-	722.44
Provision for employee benefits	239.12	33.82	-	-	272.94
Foreign exchange adjustments on external commercial borrowings	2,930.53	(263.52)	-	-	2,667.01
Tax losses carried forward	3,208.61	(3,208.61)	-	-	-
Others	68.33	(11.66)	-	-	56.67
Minimum alternate tax credit entitlement	**-**	**234.53**	**-**	**-**	**234.53**
Sub total	**6,987.96**	**(3,034.37)**	**-**	**-**	**3,953.59**
Net deferred tax liability	**17,659.42**	**2,980.54**	**(19.07)**	**138.43**	**20,759.32**

Note 27 - OTHER NON-CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Employee related payables	154.44	82.74	132.43
	154.44	**82.74**	**132.43**

Note 28 - CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured borrowings			
From banks			
Cash credit - loans repayable on demand	9,404.33	8,864.12	5,743.53
Buyers credit	4,192.64	4,815.75	1,783.64
Working capital demand loan	11,090.00	-	-
Packing credit loan	801.95	663.33	-
	25,488.92	**14,343.20**	**7,527.17**
Unsecured borrowings			
From banks			
Working capital demand loan	-	-	1,500.00
Buyers credit	-	-	3,734.27
Commercial papers	24,881.09	14,873.85	8,482.50
	24,881.09	**14,873.85**	**13,716.77**
	50,370.01	**29,217.05**	**21,243.94**

Note 28 - CURRENT FINANCIAL LIABILITIES - BORROWINGS (contd.)

Details of security and term of repayment of each type of borrowing:

Buyer's credit facilities :

a) Buyer's credit facilities from banks carrying interest ranging between LIBOR plus 35bps to LIBOR plus 70 bps per annum (p.a.) is repayable within 6 months from the date of origination and is secured by hypothecation of all current assets including stocks and book debts and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Parent Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Packing credit:

a) Packing credit in foreign currency facilities from banks carrying interest LIBOR plus 70 bps per annum (p.a.) is repayable within 6 months from the date of origination and is secured by hypothecation of all current assets including stocks and book debts and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Parent Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

b) Packing credit facilities from bank carrying interest 8% per annum (p.a.) is repayable within 7 days from the date of origination and is secured by hypothecation of all current assets including stocks and book debts and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Parent Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Cash credit facilities :

a) Cash credit facilities from banks carrying interest rate ranging from 9.30% to 12.70% p.a. is repayable on demand and is secured by hypothecation of all current assets including stocks and book debts, present and future, and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Parent Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

b) Cash credit facility from banks carrying interest rate ranging from 11.00% to 11.70% p.a. and is repayable on demand. This facility is secured by hypothecation against stocks, goods in transit, receivables and all other current assets (both present and future) of the Parent Company's retail business and also having corporate guarantee of the Parent Company.

Short term loan facilities :

a) Working capital demand loan and short term loans from banks carrying interest rate ranging from 7.90% to 9.25% p.a. is repayable within 7 days and is secured by hypothecation of all current assets including stocks and book debts present and future, and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Parent Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

b) Working capital demand loan and Short term loans from banks carrying interest @ 9.15% p.a. is repayable within 31 days from disbursements. This facility is secured by hypothecation against stocks, goods in transit, receivables and all other current assets (both present and future) of the Parent Company's retail business and also having corporate guarantee of the Parent Company.

Unsecured short term borrowings

Buyer's credit facilities :

Buyer's credit facilities from banks carrying interest ranging between 0.72% - 1.30% p.a. is repayable within 6 months from the date of origination.

Working capital demand loans:

Short term loan from bank amounting to ₹1,500 lakh carrying interest @ 9.70% p.a. is repayable by 9 April 2015.

Commercial papers :

Commercial paper from various banks ₹25,000 lakh (31 March 2016 : ₹15,000 lakh, 1 April 2015 : ₹9,000 lakh) carrying discount rate of 6.65% to 8.71 % p.a. is payable within 30 to 90 days.

Note 29 - TRADE PAYABLES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade payable *	19,672.50	15,464.65	14,546.83

* Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Parent Company pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details are mentioned below:

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Principal amount remaining unpaid to any supplier	-	4.83	12.77
Interest due thereon remaining upaind to any supplier	-	-	-
Interest paid by the Parent Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year	Nil	Nil	Nil
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil	Nil
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	Nil	Nil	Nil

Note 30 - CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of long-term borrowings (also refer note 23)	9,022.97	12,191.65	20,982.77
Interest accrued but not due on borrowings	265.51	257.72	447.85
Unpaid dividends *	112.21	101.26	87.23
Earnest money deposits	8.87	14.92	3.96
Security deposits/retention money payable	17.66	49.36	72.18
Others			
Towards capital creditors	2,295.92	1,324.96	376.05
Employee related payables	2,231.23	1,886.88	1,471.19
Towards expenses payable	6,452.98	4,613.80	4,468.31
Commission payable to directors	1,212.71	1,649.81	1,344.33
Gratuity payable (net of obligation)	78.91	171.11	60.30
Other payables	8,747.09	9,846.31	7,208.36
	30,446.06	**32,107.78**	**36,522.53**

* Not due for deposit in investors protection fund.

Note 31 - OTHER CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advances received from customers	980.28	818.93	732.04
Employee related payables	51.19	-	-
Payable towards statutory dues	2,805.60	4,512.54	4,400.97
	3,837.07	**5,331.47**	**5,133.01**

Note 32 - CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Long-term employee benefits (also refer note 47)			
Provision for compensated absences	152.32	196.09	179.75
Provision for warranty (also refer note 25)	146.03	123.81	114.66
	298.35	**319.90**	**294.41**

Note 33 - CURRENT TAX LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for tax (net)	-	-	720.72
	-	**-**	**720.72**

Note 34 - REVENUE FROM OPERATIONS

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Sale of goods (including excise duty)	2,20,099.12	2,07,291.12
Sale from rendering of services	48.35	158.62
Other operating revenue @	3,161.80	5,397.76
	2,23,309.27	**2,12,847.50**
@ Other operating revenues comprise of:		
Export incentives	291.48	140.74
Sundry balances and liabilities no longer required, written back	208.99	1,030.02
Gain on foreign exchange fluctuations	884.93	343.99
Insurance claims received	172.51	641.31
Scrap sales	540.82	439.13
Miscellaneous receipts	1,063.07	2,802.57
	3,161.80	**5,397.76**

Sale of goods include excise duty collected from customers of ₹15,492.15 lakh (31 March 2016: ₹14,974.01 lakh). Sale of goods, net of excise duty is ₹204,606.97 lakh (31 March 2016: ₹192,317.11 lakh).

Note 35 - OTHER INCOME

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Interest income on financial assets	188.41	233.03
Excess balances and liabilities written back	-	6.84
Rental income	15.77	22.11
Profit on sale of current investments (net)	8.19	25.56
Profit on sale of property, plant and equipment	19.54	78.37
Gain arising on derivative instruments designated as at FVTPL (net)	181.88	1,088.34
Miscellaneous income	41.85	17.56
	455.64	**1,471.81**

Note 36 - COST OF MATERIALS CONSUMED

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Opening stock	3,013.09	4,103.56
Add: Purchases	37,666.04	36,486.51
Less: Closing stock	3,619.74	3,013.09
	37,059.39	**37,576.98**

Note 37 - PURCHASES OF TRADED GOODS

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Sanitaryware and other allied products	44,108.34	40,724.72
	44,108.34	**40,724.72**

Note 38 - CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Inventories at the end of the year:		
Finished goods	23,292.78	22,179.98
Work-in-progress	1,814.53	1,936.66
Stock-in-trade	17,177.16	18,265.42
	42,284.47	**42,382.06**
Inventories at the beginning of the year:		
Finished goods	22,179.98	26,654.77
Work-in-progress	1,936.66	1,850.97
Stock-in-trade	18,265.42	11,266.45
	42,382.06	**39,772.19**
Change in stock	**97.59**	**(2,609.87)**
Change in excise duty on closing stock	92.55	580.57
Less: Transferred from Business Reconstruction Reserve (also refer note 56)	(838.63)	-
	(648.49)	**(2,029.30)**

Note 39 - EMPLOYEE BENEFITS EXPENSE

(₹ *in lakh)*

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Salaries, wages and bonus	26,223.06	22,989.88
Contribution to provident funds and other funds (also refer note 47)	1,280.57	1,102.23
Staff welfare expenses	1,155.02	966.35
	28,658.65	**25,058.46**

Note 40 - FINANCE COST

(₹ *in lakh)*

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Interest expense on financial liabilities	3,348.10	4,124.51
	3,348.10	**4,124.51**

Note 41 - DEPRECIATION AND AMORTISATION EXPESNSE

(₹ *in lakh)*

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Depreciation and amortisation of Property, plant and equipments (also refer note 5)	11,028.70	11,249.11
Amortisation of other intangible assets (also refer note 7)	160.46	208.30
Less: Depreciation/amortisation capitalised on assets involved for plant under construction	102.49	0.34
	11,086.67	**11,457.07**

Note 42 - OTHER EXPENSES

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Power and fuel	24,528.80	23,248.41
Consumption of stores and spares	5,911.20	5,250.32
Consumption of packing material	8,968.06	8,702.68
Consumption of loose tools	64.19	55.09
Consumption of oil, fuel and lubricants	314.10	292.13
Repairs and maintenance:		
Buildings	368.64	411.42
Plant and machinery	1,221.16	1,012.28
Others	412.50	460.90
Rent (including hire charges)	2,565.64	2,504.68
Rates and taxes	807.52	711.08
Directors sitting fees	4.00	3.70
Expenditure on ceramic and applied research centre (refer note 54)	112.03	82.22
Insurance	361.96	650.60
Travelling and conveyance	2,973.85	2,329.25
Commission on sales	1,283.39	881.34
Freight and forwarding charges	1,269.04	1,151.58
Advertisement and publicity	7,789.66	6,817.98
Transportation and forwarding	3,934.09	3,013.41
Sales promotion expenses	1,916.31	1,373.60
Other selling expenses	316.50	250.77
Provision for expected credit loss	618.20	557.69
Bad debts written off	38.21	21.16
Corporate social responsibility expenditure (also refer note 55)	298.02	126.96
Charity and donation	45.65	8.22
Loss on foreign exchange fluctuation	335.93	547.61
Loss on sale of property, plant and equipment	317.19	130.25
Miscellaneous expenses	3,190.50	4,421.37
	69,966.34	**65,016.70**

Note 43 - CURRENT TAX AND DEFERRED TAX

(a) Income-tax expense through profit and loss

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current tax		
Current income tax charge (including minimum alternate tax)	4,889.31	3,351.62
Deferred tax		
In respect of current year origination and reversal of temporary differences	(224.84)	3,078.16
Adustments due to changes in tax rates	-	136.90
Total tax expense recognised in profit and loss account	**4,664.47**	**6,566.68**

(b) Income-tax on other comprehensive income

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current tax		
Re-measurement of defiend benefit obligaitons	(28.73)	43.04
Deferred tax		
FVTOCI financial assets	(27.21)	19.07
	(55.94)	**62.11**

(c) Income-tax on equity

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Deferred tax charge/(benefit)		
Business reconstruction reserve	(27.88)	138.43

(d) Numerical reconciliation between average effective tax rate and applicable tax rate :

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Parent Company at 34.608% (31 March 2016: 34.608%) and the reported tax expense for the Group in the statement of profit and loss are as follows:

(₹ in lakh)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Profit before tax	**14,693.76**	**17,416.16**
Domestic tax rate for the Parent Company	34.608%	34.608%
Latest statutory enacted income tax for the Parent Company	5,085.22	6,027.39
Tax effect of :		
- Non deductible expenses	111.04	45.36
- Tax - exempt income	(31.53)	(23.33)
- Tax incentives and concessions	(339.46)	(28.45)
- Notional interest income and notional rent expenses	(62.95)	5.23
- Changes in tax rates	-	136.90
- Deferred tax not recognized on subsidiary companies loss	94.07	269.23
Others	(191.92)	134.35
Income-tax recognised in statement of profit and loss	**4,664.47**	**6,566.68**

(e) There is no change in statutory enacted income-tax rate during the financial year.

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW

Capital management

The Group manages its capital to be able to continue as a going concern while maximising the returns to shareholders through optimisation of the debt and equity balance. The capital structure consists of debt which includes the borrowings as disclosed in note 23 and 28; cash and cash equivalents and current investments and equity attributable to equity holders of the Parent Company, comprising issued share capital, reserves and retained earnings as disclosed in the Statement of changes in equity. For the purpose of calculating gearing ratio, debt is defined as non current and current borrowings (excluding derivatives). Equity includes all capital and reserves of the Parent Company attributable to equity holders of the Company. The Parent Company is not subject to externally imposed capital requirements. The Board of the Parent Company reviews the capital structure and cost of capital on an annual basis but has not set specific targets for gearing ratios. The risks associated with each class of capital are also considered as part of the risk reviews presented to the Audit Committee and the Board of Directors of the Parent Company.

The following table summarises the capital of the Company *(₹ in lakh)*

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Equity *	1,44,652.70	1,38,649.48	1,30,922.05
Liquid assets (cash and cash equivalent and current investments) (a)	**24,449.15**	**1,669.38**	**1,954.49**
Current borrowings (note 28)	50,370.01	29,217.05	21,243.94
Non- current borrowings (note 23)	33,909.40	20,836.94	35,854.89
Current maturities of non current borrowings (refer note 30)	9,022.97	12,191.65	20,982.77
Total debt (b)	**93,302.38**	**62,245.63**	**78,081.59**
Net debt [c = (b) - (a)]	**68,853.23**	**60,576.25**	**76,127.10**
Total capital (equity+net debt)	**2,13,505.93**	**1,99,225.73**	**2,07,049.15**
Gearing ratio			
Debt to Equity	**65%**	**45%**	**60%**
Net Debts to Equity ratio	**48%**	**44%**	**58%**
***Equity balances also includes the business construction reserve**	**31,252.29**	**32,063.04**	**32,201.47**

Catagories of financial instruments

Catagories of financial assets/(liabilities) (₹ in Lakh)

	Notes	As at 31 March 2017			As at 31 March 2016			1 April 2015
		Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value
Financial assets measured at amortised costs								
Trade receivable	15	39,754.62	-	-	39,006.19	-	-	41,378.23
Loans	9,18	1,899.38	-	-	1,839.24	-	-	1,867.90
Other financial assets	10,19	30.04	-	-	26.78	-	-	131.51
Cash and bank balances	16, 17	14,431.69	-	-	2,012.56	-	-	2,523.09
Investments	8	1.82	-	-	2.06	-	-	2.26
Loans and other receivables		56,117.55	-	-	42,886.83	-	-	45,902.99
Financial assets measured at fair value								
Investments	8, 14	13,600.43	233.56		2,916.85	60.50	-	2,865.22
Derivative contracts	10, 19	263.93	176.74	-	854.98	1,088.34	-	1,114.90
Financial assets at fair value		**13,864.36**	**410.30**	**-**	**3,771.83**	**1,148.84**	**-**	**3,980.12**
Total financial assets		**69,981.91**	**410.30**	**-**	**46,658.66**	**1,148.84**	**-**	**49,883.11**

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW (contd.)

(₹ in Lakh)

	Notes	As at 31 March 2017			As at 31 March 2016			1 April 2015
		Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value
Financial liabilities								
Financial liabilities measured at amortised cost								
Current payables	28, 29, 30	1,00,488.57	-	-	76,789.47	-	-	72,313.30
Non-current payables	24	3,415.01	-	-	1,911.66	-	-	1,612.42
Non-current borrowings	23	33,909.40	-	-	20,836.94	-	-	35,854.88
Financial liabilities measured at amortised cost		1,37,812.98	-	-	99,538.07	-	-	1,09,780.60
Total financial assets/ (liabilities)		**(67,831.07)**	**410.30**	**-**	**(52,879.41)**	**1,148.84**	**-**	**(59,897.49)**

Financial risk management objective

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company is not engaged in speculative treasury activities but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

The use of any derivative is approved by the management, which provide guidelines on the acceptable levels of interest rate risk, credit risk, foreign exchange risk and liquidity risk and the range of hedging requirement against these risks.

Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Parent Company is exposed to credit risk for receivables, cash and cash equivalents, short term investments, financial guarantee and derivative financial instruments.

Cash and cash equivalents and short term investments

The Group considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally the balances are maintained with the institutions with which the Group has also availed borrowings. The Group does not maintain significant deposit balances other than those required for its day to day operations.

Trade receivables

The Group extends credits to customer in normal course of the business. The Group considers the factors such as credit track record in the market of each customer and past dealings for extension of credit to the customer. The Group monitors the payment track record of each customer and outstanding customer receivables are regularly monitored. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located at several jurisdiction and industries and operate in large independant markets. The Group also takes advances and security deposits from customers which mitigate the credit risk to an extent.

The average credit period taken on sales of goods is 30 to 60 days. Generally, no interest has been charged on the receivables. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Company uses an internal credit system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. There are no customers who represent more than 5 per cent of total net revenue from operations

The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW (contd.)

"Expected credit loss :

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%)
Not due for payment	0
Up to 6 months	0
From 6 months to 1 year	0
From 1 year to 3 years	10 to 100
More than 3 years	100

Ageing of past due but not impaired receivables

(₹ in lakh)

Period	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not due for payment	24,372.96	23,584.97	24,505.23
Up to 6 months	13,511.07	12,762.58	14,640.77
From 6 months to 1 year	1,418.05	1,292.39	1,551.38
From 1 year to 3 years	1,935.94	2,159.19	1,191.06
More than 3 years	809.56	1,289.01	1,014.05

Ageing of impaired trade receivables

(₹ in lakh)

Period	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Up to 6 months	-	-	-
From 6 months to 1 year	-	-	-
From 1 year to 3 years	1,483.40	792.94	510.21
More than 3 years	809.56	1,289.01	1,014.05

Liquidity risk:

Liquidity risk reflects the risk that the Group will have insufficent resources to meet its financial liabilites as they fall due.

The Group's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Group monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that it does not breach borrowing limits.

The table below provides undiscounted cash flows towards non-derivative financial assets/ (liabilities) into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date and, where applicable, their effective interest rates.

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW (contd.)

(₹ in Lakh)

Particulars	As at 31 March 2017				
	Notes	not later than one year	later than one year and not later than five years	later than five years	Total
Financial assets					
Trade receivables	15	39,754.62	-	-	39,754.62
Loans - current	18	118.23	-	-	118.23
Loans - non-current	9	-	1,781.15	-	1,781.15
Others	10,19	263.93	30.04	-	293.97
Current investments	14	10,455.14	-	-	10,455.14
Cash and cash equivalents	16	13,994.01	-	-	13,994.01
Other bank balances	17	437.68	-	-	437.68
Total		**65,023.61**	**1,811.19**	**-**	**66,834.80**
Financial liabilities					
Borrowings - bank loans	28,30	60,459.81	18,444.17	18,346.71	97,250.69
Borrowings - other loans	23,30	126.79	1,694.40	3,207.70	5,028.89
Current payables	29,30	41,095.59	-	-	41,095.59
Non-current payables	24	-	-	3,415.01	3,415.01
		1,01,682.19	**20,138.57**	**24,969.42**	**1,46,790.18**

(₹ in Lakh)

Particulars	As at 31 March 2016				
	Notes	not later than one year	later than one year and not later than five years	later than five years	Total
Financial assets					
Trade receivables	15	39,006.19	-	-	39,006.19
Loans - current	18	109.86	-	-	109.86
Loans - non-current	9	-	1,729.38	-	1,729.38
Others	10,19	0.15	881.61	-	881.76
Cash and cash equivalents	16	1,669.38	-	-	1,669.38
Other bank balances	17	343.18	-	-	343.18
Total		**41,128.76**	**2,610.99**	**-**	**43,739.75**
Financial liabilities					
Borrowings - bank loans	28,30	42,131.47	16,676.36	-	58,807.83
Borrowings - other loans	23,30	101.03	1,290.40	3,738.50	5,129.93
Current payables	29,30	35,380.78	-	-	35,380.78
Non-current payables	24	-		1,911.66	1,911.66
		77,613.28	**17,966.76**	**5,650.16**	**1,01,230.20**

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW (contd.) (₹ in Lakh)

Particulars	As at 1 April 2015				
	Notes	not later than one year	later than one year and not later than five years	later than five years	Total
Financial assets					
Trade receivables	15	41,378.23	-	-	41,378.23
Loans - current	18	323.54	-	-	323.54
Loans - non-current	9	-	1,544.36	-	1,544.36
Others	10,19	0.64	1,245.77	-	1,246.41
Cash and cash equivalents	16	1,945.62	-	-	1,945.62
Other bank balances	17	577.47	-	-	577.47
Total		**44,225.50**	**2,790.13**	**-**	**47,015.63**
Financial liabilities					
Borrowings - bank loans	28,30	48,504.61	29,580.76	-	78,085.37
Borrowings - other loans	23,30	298.88	1,281.13	3,265.26	4,845.27
Current payables	29,30	30,086.59	-	-	30,086.59
Non-current payables	24	-	-	1,612.42	1,612.42
Total		**78,890.08**	**30,861.89**	**4,877.68**	**1,14,629.65**

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including :

Forward foreign exchange contract to hedge the exchange rate risk arising on the export of its products.

Forward foreign exchange contract to hedge the exchange rate risk arising on translation of the foreign currency loans.

Currency risk

The Group undertakes various transactions denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Group transacts business primarily in Indian Rupee, USD, Euro and GBP. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. Certain transactions of the Company act as a natural hedge as a portion of both assets and liabilities are denominated in similar foreign currencies. For the remaining exposure to foreign exchange risk, the Group adopted a policy of selective hedging based on risk perception of the management. Foreign exchange hedging contracts are carried at fair value.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(in lakh)

Particulars	Currency	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Trade receivables	USD	24.87	12.48	7.41
	EUR	-	0.13	-
Trade payables	USD	20.64	21.31	1.95
	EUR	1.40	5.70	2.39
	GBP	0.36	0.61	0.27
Borrowings	USD	506.30	491.64	789.11
	EUR	-	-	2.84

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW (contd.)

Currency rate	31 March 2017	31 March 2016	1 April 2015
USD	64.8386	66.3329	62.5908
EUR	69.2476	75.0955	67.5104
GBP	80.8797	95.0882	92.4591

Of the above foreign currency exposures, following exposures are not hedged:

(in lakh)

Particulars	Currency	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade receivables	USD	24.87	12.48	7.41
	EUR	-	0.13	-
Trade payables	USD	20.64	21.31	1.95
	EUR	1.40	5.70	2.39
	GBP	0.36	0.61	0.27
Borrowings	USD	473.85	368.91	519.12
	EUR	-	-	2.84

Sensitivity analysis

The following table demonstrates the sensitivity of profit and equity in USD, Euro and GBP to the Indian Rupee with all other variables held constant. The impact on the Group's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities is given below:

(₹ in lakh)

Particulars	Change in currency exchange rate	Effect on profit before tax 31 March 2017	Effect on profit before tax 31 March 2016
USD	5%	(1,522.48)	(1,252.83)
	-5%	1,522.48	1,252.83
EUR	5%	(4.85)	(20.91)
	-5%	4.85	20.91
GBP	5%	(1.46)	(2.90)
	-5%	1.46	2.90

This is mainly attributable to the exposure outstanding on foreign currency receivables and payables in the Group at the end of each reporting period.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relales primarily to long term debts. Its objective in managing its interest rate risk is to ensure that it always maintain sufficient head room to cover interest payment from anticipated cashflows which is regularly reviewed by the board/nominated committee as well.

Note 44 - FINANCIAL INSTRUMENTS AND RISK REVIEW (contd.)

The following table demonstrates the sensitivity in the interest rate with all other variables held constant. The impact on the Group's profit before tax and other comprehensive income due to changes in the interest rates is given below :

(₹ in lakh)

For the year ended 31 March 2017	Change in interest rate	Effect on profit before tax 31 March 2017	Effect on profit before tax 31 March 2016
Non-current borrowings	0.50%	(133.89)	(164.54)
	-0.50%	133.89	164.54

Commodity risk

The Group is exposed to the movement in the price of key raw material and other traded goods in the domestic and international markets. The Group has in place policies to manage exposure to fluctuation in the prices of key raw materials used in operations. The Group enter into contracts for procurement of raw material and traded goods, most of the transactions are short term fixed price contract and a few transactions are long term fixed price contracts.

Note 45 - FAIR VALUE MEASUREMENT

Fair valuation techniques and inputs used

Financial assets/ financial liabilities	Fair value as at			Fair value hierarchy		Valuation technique and key input	
	31 March 2017	31 March 2016	1 April 2015				
Foreign currency forward contracts	263.93	854.98	1,114.90	2		Market approach	
Financial assets	Fair value as at (₹ in lakh)			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31 March 2017	31 March 2016	1 April 2015				
Current investments	10,455.14	-	8.87	1	-	-	-
Non current investments	3,145.29	2916.85	2856.35	3	Discounted cash flow	"1. Growth rate 2. Discount rate"	Refer below

Reconciliation of level 3 fair value measurements

(₹ in Lakh)

Particulars	31 March 2017 Unlisted shares irrevocably designated as at FVTOCI	31 March 2016 Unlisted shares irrevocably designated as at FVTOCI
Opening balance	2,916.85	2,856.35
Gains or losses		
- in other comprehensive income	228.44	60.50
Closing balance	**3,145.29**	**2,916.85**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note 45 - FAIR VALUE MEASUREMENT (contd.)

Sensitivity analysis of financial instruments having fair value hierarchy of level 3

(₹ in Lakh)

Particular	Movement unobservable input(s)	Effect on fair value taking movement of unobservable inputs isolation 31 March 2017	31 March 2016	1 April 2015
Growth rate	5%	75.27	62.52	71.80
	-5%	(71.75)	(59.96)	(68.50)
Discount rate	5%	(242.38)	(221.91)	(230.08)
	-5%	281.07	255.81	266.63

Other financial instruments

The carrying amount of the financial assets and liabilities carried at amortised cost is considered as reasonable approximation of fair value:

Note 46 - SEGMENT REPORTING

Identification of segment:

The group's operating business are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The group has accordingly identified to primary business segments i.e. building products, consumer products, packaging products and retail business.

The activities of the group are primarily limited with in the Indian Territories having no variation in risk and returns. Consequently, information in respect of geographical segment in not given.

Unallocated items: The corporate and other segment includes general corporate income and expense items, which not not allocated to any business segment.

(₹ in Lakh)

Particular	Building products	Consumer products	Packaging product	Retail business	Others	Inter segment elimination	Unallocated	Year ended 31 March 2017
Segment revenue								
For the year ended 31 March 2017	1,03,765.54	12,770.94	96,906.14	9,582.47	497.60	(213.42)	-	**2,23,309.27**
For the year ended 31 March 2016	96,096.48	5,692.88	99,726.60	9,335.32	2,091.28	(95.06)	-	**2,12,847.50**
Other income								
For the year ended 31 March 2017	239.22	18.25	161.40	10.22	2.91	-	23.64	**455.64**
For the year ended 31 March 2016	627.18	5.82	727.36	5.11	39.36	-	66.98	**1,471.81**
Segment results								
For the year ended 31 March 2017	16,526.75	(2,433.46)	9,941.57	(1,481.23)	(176.70)		(4,335.07)	**18,041.86**
For the year ended 31 March 2016	17,097.19	(1,643.85)	12,504.41	(1,631.93)	(710.95)		(4,074.20)	**21,540.67**
Interest expenses								
For the year ended 31 March 2017								**3,348.10**
For the year ended 31 March 2016								**4,124.51**
Income tax (including deferred tax)								
For the year ended 31 March 2017								**4,664.47**
For the year ended 31 March 2016								**6,566.68**
Profit after tax								
For the year ended 31 March 2017								**10,029.29**
For the year ended 31 March 2016								**10,849.48**
Other information								
Segment assets								
31 March 2017	1,18,144.89	11,359.00	1,48,577.00	4,619.73	677.31	-	25,104.89	**3,08,482.82**
31 March 2016	1,12,171.23	3,908.33	1,32,742.38	4,619.00	751.42	-	11,272.11	**2,65,464.47**
01 April 2015	1,12,222.92	747.84	1,38,859.88	6,887.20	756.33	-	5,881.43	**2,65,355.60**
Segment liabilities								
31 March 2017	50,621.10	6,165.41	95,061.97	3,608.00	-	-	8,373.64	**1,63,830.12**
31 March 2016	39,643.18	2,186.19	84,260.77	4,449.00	-	-	(3,724.15)	**1,26,814.99**
01 April 2015	41,422.30	5.88	95,709.97	5,688.69	-	-	(8,393.29)	**1,34,433.55**

Note 46 - SEGMENT REPORTING (contd.)

Particular	Building products	Consumer products	Packaging product	Retail business	Others	Inter segment elimination	Unallocated	Year ended 31 March 2017
Capital expenditure								
For the year ended 31 March 2017	4,796.78	176.46	4,948.02	101.60	-	-	939.33	**10,962.19**
For the year ended 31 March 2016	3,388.16	-	3,163.42	29.51	-	-	54.33	**6,635.42**
For the year ended 31 March 2017	2,669.04	73.89	7,439.58	375.59	54.24	-	474.33	**11,086.67**
For the year ended 31 March 2016	2,534.53	21.58	7,910.80	523.06	64.68	-	402.42	**11,457.07**
Other non-cash expenses								
Provision for expected credit loss								
For the year ended 31 March 2017	263.60	8.98	143.25	61.95	90.67		49.75	**618.20**
For the year ended 31 March 2016	229.94	15.66	186.26	62.91	-	-	62.92	**557.69**

Note 47 - EMPLOYEE BENEFITS

A. Defined contribution plan

The Group operates defined contribution retirement benefit plans for all employees. The assets of the plans are held separately from those of the Companies in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The Group's contribution to Provident Fund and Superannuation Fund aggregating to ₹ 951.40 lakh (31 March 2016 : ₹798.01 lakh) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

B. Defined benefit plans

Gratuity

The Group operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Group scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Group makes annual contribution to the group gratuity scheme administered by the Birla Sun Life Insurance Company Limited.

Details of the Company's defined benefit plans are as follows: *(₹ in lakh)*

Particulars	Gratuity (funded plan)	
	31 March 2017	31 March 2016
Current service cost	232.66	195.49
Net interest expense/(income)	4.87	(2.80)
Components of defined benefit costs recognised in profit or loss	237.54	192.69
Remeasurement on the net defined benefit liability		
Actuarial (gain)/loss arising from experience adjustments	(81.20)	127.49
Components of defined benefit costs recognised in other comprehensive income	(81.20)	127.49
I. Net asset/(liability) recognised in the balance sheet as at 31 March		
1. Present value of defined benefit obligation	1,968.57	1,796.49
2. Fair value of plan assets	1,889.66	1,625.38
3. Deficit	78.91	171.11
4. Current portion of the above	78.91	171.11
5. Non current portion of the above	-	-
II. Change in the obligation during the year ended 31 March		
1. Present value of defined benefit obligation at the beginning of the year	1,796.49	1,623.84
2. Expenses recognised in the statements of profit and loss		
- Current service cost	232.66	195.49
- Interest expense	126.77	122.28
3. Recognised in other comprehensive income		
Remeasurement gains / (losses)		
- Actuarial (gain)/loss arising from experience adjustments	36.10	50.13
4. Benefit payments	(223.45)	(195.25)
5. Present value of defined benefit obligation at the end of the year	**1,968.57**	**1,796.49**

Note 47 EMPLOYEE BENEFITS (contd.)

Details of the Company's defined benefit plans are as follows

(₹ in lakh)

Particulars	Gratuity	
	31 March 2017	31 March 2016
III. Change in fair value of assets		
1. Fair value of plan assets at the beginning of the year	1,625.38	1,563.54
2. Recognised in the statement profit and loss		
- Expected return on plan assets	121.90	125.08
3. Recognised in other comprehensive income		
Remeasurement gains / (losses)		
- Actual return on plan assets in excess of the expected return	117.30	(77.36)
4. Contributions by employer (including benefit payments recoverable)	242.39	206.57
5. Benefit payments	(217.31)	(192.45)
6. Fair value of plan assets at the end of the year	**1,889.66**	**1,625.38**

IV. The major categories of plan assets

The Group made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Group was informed by BSL that the planned assets are held in growth/fixed interest bonds.

Particulars	Gratuity	
	31 March 2017	31 March 2016
V. Actuarial assumptions		
1. Discount rate	7.5%	8.0%
2. Expected rate of increase in compensation level	5.50%-6.50%	5.50%-6.25%
3. Expected rate of return on plan assets	7.50%	8.00%
4. Withdrawal rate		
- above age 45	1-6	1-6
- between 29 and 45	2-3	2-3
- below age 29	1-3	1-3
5. Mortality table	IALM 2006-08	IALM 2006-08
6. Superannuation age	58	58

VI. Sensitivity analysis

(₹ in lakh)

Particulars	31 March 2017		31 March 2016	
	Change in assumption	Effect on gratuity obligation	Change in assumption	Effect on gratuity obligation
Discount rate	0.50%	(91.38)	0.50%	(81.28)
	-0.50%	99.30	-0.50%	88.29
Expected rate of increase in compensation level	0.50%	89.09	0.50%	84.58
	-0.50%	(95.06)	-0.50%	(78.92)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the balance sheet.

Note 47 EMPLOYEE BENEFITS (contd.)

VII. Experience adjustments :

(₹ in lakh)

Particulars	Year ended				
	2016-17	2015-16	2014-15	2013-14	2012-13
1. Defined benefit obligation	1,968.57	1,796.49	1,623.84	1,355.55	1,329.84
2. Fair value of plan assets	1,889.66	1,625.38	1,563.54	1,346.76	1,255.11
3. Surplus/(deficit)	(78.91)	(171.11)	(60.30)	(8.79)	(74.73)
4. Experience adjustment on plan liabilities gain/(loss)	(36.16)	(50.13)	(209.17)	(9.65)	(50.06)
5. Experience adjustment on plan assets gain/(loss)	117.30	(77.36)	129.49	0.73	35.93

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The average duration of the defined benefit plan obligation at the end of the reporting period is 19.81 years (as at 31 March 2016 is 19.83 years).

C. Other long-term benefits - Compensated absences (unfunded)

(₹ in lakh)

	Year ended 31 March 2017	Year ended 31 March 2016
Amounts recognised in the balance sheet		
Non current (refer note 25)	689.78	561.32
Current (refer note 32)	152.32	196.09
	842.10	**757.41**
Amounts recognised in the statement of profit and loss		
Current service cost	151.41	111.67
Interest cost	60.42	53.94
Actuarial loss	154.27	113.67
Total included in employee benefits expense	**366.10**	**279.28**
Reconciliation of opening and closing balances of benefit obligations		
Change in benefit obligation		
Defined benefit obligation at the beginning of the year	754.97	674.44
Interest cost	60.42	53.94
Current service cost	151.41	111.67
Benefits paid	(278.97)	(199.31)
Actuarial loss	154.27	113.67
Defined benefit obligation at the end of the year	**842.10**	**757.41**

Note 48 - EARNINGS PER SHARE

(₹ in lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
"Profit for the year attributable to owners of the Company	10,029.29	10,849.48
Weighted average number of equity shares (nos.)	7,22,96,395	7,22,96,395
Nominal value per share (₹)	2.00	2.00
Earnings per share - basic and diluted (₹)	13.87	15.01

The Parent Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Parent Company remain the same.

Note 49 - LEASES

As Lessee

The Group has entered into operating lease arrangements for certain facilities and office premises. The leases are both cancellable and non-cancellable and may be renewed for a further period based on mutual agreement of the parties.

(₹ in lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Expenses recognised in the statement of profit and loss		
Lease payments (including maintenance charges)	2,565.64	2,504.68

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Future non-cancellable minimum lease commitments			
not later than one year	244.40	183.48	123.55
later than one year and not later than five years	225.81	302.68	452.62
later than five years	-	-	-

Note 50 - CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016
a) Demands raised by the excise authorities against which appeals have been filed	379.18	375.92
b) Demands raised by the service tax authorities against which appeals have been filed	77.77	77.77
c) Demands made by the sales tax authorities against which appeals have been filed	244.95	253.79
d) Demands raised by the income-tax authorities against which appeals have been filed	3.84	3.84
e) Claims against the Company not acknowledged as debts	2,414.53	2,428.39

Note 51 - CAPITAL AND OTHER COMMITMENTS

(₹ in lakh)

Particulars	As at 31 March 2017	As at 31 March 2016
a) Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	10,265.07	10,111.59
b) Export obligation under Export Promotion Capital Goods license of Export Import Policy	7,002.30	27,661.58
c) Bank guarantees outstanding	407.76	442.53

Note 52 - PAYMENT TO STATUTORY AUDITORS (EXCLUDING SERVICE TAX)

(₹ in lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
As auditors *	36.61	26.15
Other services	21.64	10.20
For reimbursement of expenses	4.67	4.50
	62.92	**40.85**

* including paid to auditors of demerged undertaking

Note 53 - RELATED PARTY TRANSACTIONS

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related party relationship, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

List of related parties

Relationship	Name of related party
Key management personnel (KMP)	Dr. Rajendra Kumar Somany
	Mr. Sandip Somany
	Mrs. Sumita Somany
Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	Textool Mercantile Private Limited
	Paco Exports Limited
	New Delhi Industrial Promotors and Investors Limited
	Soma Investments Limited
	Murlidhar Rajendra Kumar (a partnership firm)

Note 53 - RELATED PARTY TRANSACTIONS (contd.)

Details of transaction between the Group and its related parties are disclosed below:

(₹ in lakh)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Transactions during the year				
Rent paid				
Dr. Rajendra Kumar Somany	4.80	4.80	-	-
Textool Mercantile Private Limited		-	2.40	2.61
Paco Exports Limited		-	28.05	25.26
Director's remuneration *				
Dr. Rajendra Kumar Somany	799.20	950.08	-	-
Mr. Sandip Somany	799.20	945.83	-	-
Mrs. Sumita Somany	66.91	68.78	-	-
Dividend payment				
Dr. Rajendra Kumar Somany	104.80	91.70	-	-
Mr. Sandip Somany	76.59	98.97	-	-
Mrs. Sumita Somany	3.07	2.68	-	-
Paco Exports Limited	-	-	842.32	723.26
Soma Investments Limited	-	-	160.00	140.00
New Delhi Industrial Promotors and Investors Limited	-	-	146.00	127.75
Murlidhar Rajendra Kumar	-	-	36.52	-

(₹ in lakh)

Particulars	Key management personnel and their relatives			Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Balance outstanding at the year end						
Remuneration payable						
Dr. Rajendra Kumar Somany	511.07	699.73	545.41	-	-	-
Mr. Sandip Somany	541.81	760.07	638.83	-	-	-
Mrs. Sumita Somany	22.83	27.15	19.63	-	-	-

* exclusive of provision for future liability in respect of gratuity and leave encashment which is based on actuarial valuation done on Company as a whole.

The remuneration and other transactions with members of key managerial personnel during the year was as follows:

(₹ in lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Short-term employee benefits #	1,613.05	1,918.99
Post-employment benefits		
- Defined contribution plan $	52.26	45.70
- Defined benefit plan *		
- Other long-term benefits *		
Dividend paid	184.46	193.35
Rent paid	4.80	4.80
Total	**1,854.57**	**2,162.84**

Including bonus, sitting fee, commission on accrual basis and value of perquisites.

* As the liability for gratuity and leave encashment are provided on actuarial basis for the Group as a whole, amounts accrued pertaining to key managerial personnel are not included above.

$ including providend fund, leave encashment paid and any other benefit

Note 54 - EXPENDITURE ON CERAMIC AND APPLIED RESEARCH CENTRE

(₹ in lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries, wages and bonus	86.80	62.47
Contribution to provident and other funds	4.27	2.70
Others	20.96	17.05
	112.03	**82.22**

Note 55 - CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of section 135 of the Act, the Board of Directors of the Parent Company had constituted a Corporate Social Responsibility (CSR) Committee. In terms, with the provisions of the said Act, the Parent Company was to spend a sum of ₹290.77 lakh (previous year ₹242.99 lakh) towards CSR activities during the year ended 31 March 2017. The CSR Committee has been examining and evaluating suitable proposals for deployment of funds towards CSR initiatives, however, the committee expects finalization of such proposals in due course. During the year ended 31 March 2017, the Parent Company has contributed the following sums towards CSR initiatives.

(₹ in lakh)

Particulars	For the year ended 31 March 2017 Paid in cash	For the year ended 31 March 2016 Paid in cash
(i) On construction/acquisition of any asset	55.56	56.29
(ii) On purposes other than (i) above	242.46	70.67
	298.02	**126.96**

Note 56

The Board of Directors of the Parent Company has approved utilisation of Business Reconstruction Reserve (BRR) by ₹838.63 lakh pertaining to write off of old, non-moving and slow inventory done by the Demerged Undertaking during the year ended 31 March 2017. The aforesaid utilisation against BRR is as per the Scheme of Arrangement approved by the Hon'ble High Court of Calcutta vide its order dated 26 March 2010.

Note 57 - DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Group had specified bank notes or other denomination as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017, on the details of specified bank notes (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(₹ in lakh)

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand on 8 November 2016	**76.90**	**38.00**	**114.90**
Add: Permitted Receipts	-	152.11	152.11
Less: Permitted Payments	16.95	50.53	67.48
Less: Amount deposited in the Banks	59.95	96.63	156.58
Closing cash in hand on 30 December 2016	**-**	**42.95**	**42.95**

Note 58 - FINANCIAL INSTRUMENTS BY CATEGORY

(₹ in lakh)

Particulars	31 March 2017			31 March 2016			1 April 2015		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
Non current financial assets									
Investments	3,145.29	-	1.82	2,916.85	-	2.06	2,856.35	-	2.26
Loans	-	-	1,781.15	-	-	1,729.38	-	-	1,544.36
Other financial assets	-	-	30.04	-	854.98	26.63	-	1,114.90	130.87
Current financial assets									
Investments	-	10,455.14	-	-	-	-	-	8.87	-
Trade receivable	-	-	39,754.62	-	-	39,006.19	-	-	41,378.23
Cash and cash equivalents	-	-	13,994.01	-	-	1,669.38	-	-	1,945.62
Bank balances other than cash and cash equivalents	-	-	437.68	-	-	343.18	-	-	577.47
Loans	-	-	118.23	-	-	109.86	-	-	323.54
Other financial assets	-	263.93	-	-	-	0.15	-	-	0.64
Total financial assets	**3,145.29**	**10,719.07**	**56,117.55**	**2,916.85**	**854.98**	**42,886.83**	**2,856.35**	**1,123.77**	**45,902.99**
Non current financial liabilities									
Non-current borrowings	-	-	33,909.40	-	-	20,836.94	-	-	35,854.88
Other financial liabilities	-	-	3,415.01	-	-	1,911.66	-	-	1,612.42
Current financial liabilities									
Current borrowings	-	-	50,370.01	-	-	29,217.04	-	-	21,243.94
Trade payables	-	-	19,672.50	-	-	15,464.65	-	-	14,546.83
Other financial liabilities	-	-	30,446.06	-	-	32,107.78	-	-	36,522.53
Total financial liabilities	**-**	**-**	**1,37,812.98**	**-**	**-**	**99,538.07**	**-**	**-**	**1,09,780.60**

Note 59 - ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (PURSUANT TO SCHEDULE III TO THE COMPANIES ACT, 2013)

(₹ in lakh)

Name of the entity	31 March 2017							
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated comprehensive income	Amount	As a % of consolidated total comprehensive income
Parent company								
HSIL Limited	1,44,584.22	99.95%	10,279.11	102.49%	253.62	99.98%	10,532.73	102.43%
Subsidiaries:								
Hindware Home Retail Private Limited	12.48	0.01%	(96.70)	-0.96%	0.06	0.02%	(96.64)	-0.94%
Halis International Limited	0.54	0.00%	(5.76)	-0.06%	-	0.00%	(5.76)	-0.06%
Alchemy International Cooperatief U.A.	(21.26)	-0.01%	(12.85)	-0.13%	-	0.00%	(12.85)	-0.13%
Haas International B.V.	47.40	0.03%	(31.09)	-0.31%	-	0.00%	(31.09)	-0.30%
KS 615 Limited (formerly Barwood Products Limited)	21.94	0.02%	(98.93)	-0.99%	-	0.00%	(98.93)	-0.96%
Queo Bathroom Innovations Limited	7.38	0.01%	(4.49)	-0.04%	-	0.00%	(4.49)	-0.04%
Less: Goodwill on consolidation impaired								
Total	**1,44,652.70**	**100.00%**	**10,029.29**	**100.00%**	**253.68**	**100.00%**	**10,282.97**	**100.00%**

Note 59 - ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (PURSUANT TO SCHEDULE III TO THE COMPANIES ACT, 2013) (contd.)

Name of the entity	31 March 2016							
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated comprehensive income	Amount	As a % of consolidated total comprehensive income
Parent company								
HSIL Limited	1,38,311.39	99.76%	11,628.07	107.17%	(1.74)	-35.63%	11,626.33	107.20%
Subsidiaries:								
Hindware Home Retail Private Limited	153.96	0.11%	(62.10)	-0.57%	(3.14)	-64.37%	(65.24)	-0.60%
HSIL Associates Limited (Subsidiary upto 19 May 2015)	-	-	3.00	0.03%	-	-	3.00	0.03%
Halis International Limited	2.94	0.00%	(6.49)	-0.06%	-	-	(6.49)	-0.06%
Alchemy International Cooperatief U.A.	(20.17)	-0.01%	(6.99)	-0.06%	-	-	(6.99)	-0.06%
Haas International B.V.	68.38	0.05%	(37.57)	-0.35%	-	-	(37.57)	-0.35%
KS 615 Limited (formerly Barwood Products Limited)	132.98	0.10%	(321.00)	-2.96%	-	-	(321.00)	-2.96%
Less: Goodwill on consolidation impaired			(347.44)	-3.20%			(347.44)	-3.20%
Total	**1,38,649.48**	**100.00%**	**10,849.48**	**100.00%**	**(4.88)**	**100.00%**	**10,844.60**	**100.00%**

Name of the entity	Net consolidated assets i.e. total assets minus total liabilities	
	As at 31 March 2017 (₹ in lakh)	As at 31 March 2016 (₹ in lakh)
Parent company		
HSIL Limited	1,30,386.78	99.59%
Subsidiaries:		
Hindware Home Retail Private Limited	87.88	0.07%
HSIL Associates Limited	8.87	0.01%
Halis International Limited	1.46	0.00%
Alchemy International Cooperatief U.A.	(19.20)	-0.01%
Haas International B.V.	401.36	0.31%
KS 615 Limited (formerly Barwood Products Limited)	54.90	0.04%
Total	**1,30,922.05**	**100.00%**

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2017

Note 60

The Hon'ble National Company Law Tribunal of Kolkata, West Bengal, vide its order dated 4 May 2017 approved the Composite Scheme of Arrangement (the "Scheme") between the Parent Company and its wholly owned subsidiary Hindware Home Retail Private Limited (HHRPL), their shareholders and creditors. Pursuant to the Scheme, all the properties, assets, rights, claims and obligations of the Retail Business of HHRPL (the "Demerged Undertaking") has been transferred and vested in the Parent Company on a going concern basis with effect from the Appointed Date i.e., 1 April 2015. The Scheme has been accounted for as a business combination of entities under the common control. Accordingly, the financial information in these financial statements in respect of prior periods have been restated as if the business combination had occurred from the beginning of the financial year ended 31 March 2016.

Note 61 DIVIDEND

In respect of the current year, the directors of the Parent Company propose that a dividend of ₹4 per share to be paid on equity shares of ₹2 each. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members. The total estimated equity dividend to be paid is ₹2,891.86 lakh. The payment of this dividend is estimated to result in payment of dividend tax of ₹588.71 lakh on the amount of dividends grossed up for the related dividend distribution tax.

In terms of our report attached.

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Per Lalit Kumar
Partner
Place : Gurugram
Date : 18 May 2017

Payal M. Puri
Company Secretary
ACS No. 16068

Sandeep Sikka
Chief Financial Officer

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rule, 2014)

Statement containing salient features of the financial statement of subsidiary/associate companies/joint ventures

Part "A" : Subsidiaries

(₹ in lakh)

Sr. No.	Name of Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments (Other than subsidiary)	Turnover (including other operating income)	Profit before taxation	Provision for taxation	Profit after taxation	Other comprehensive income	Total comprehensive income for the year	Proposed dividend	% of shareholding (including stepdown subsidiary holding)
1	Hindware Home Retail Pvt. Ltd. (Subsidiary of HSIL Ltd.)	Reporting period is same as holding company	INR	64.00	(51.52)	90.93	78.45	-	320.03	(96.70)	-	(96.70)	0.06	(96.64)	-	100%
2	Halis International Ltd. (Subsidiary of HSIL Ltd.)		USD 1 = INR 64.8386	1,862.48	(1,702.99)	160.46	0.97	-	-	(5.76)	-	(5.76)	-	(5.76)	-	100%
3	Alchemy International Cooperatief U.A. * (Subsidiary of Halis International Ltd.)		EURO 1 = INR 69.2476	1,812.33	(1,646.12)	205.16	38.95	-	-	(12.85)	-	(12.85)	-	(12.85)	-	100%
4	Haas International B.V. (Subsidiary of Alchemy International Cooperatief U.A.)		EURO 1 = INR 69.2476	10.88	148.52	176.61	17.21	-	-	(31.09)	-	(31.09)	-	(31.09)	-	100%
5	KS 615 Ltd. (formerly Barwood Products Ltd.) (Subsidiary of Haas International B.V.)		GBP 1 = INR 80.8797	624.68	(602.73)	38.93	16.98	-	-	(98.93)	-	(98.93)	-	(98.93)	-	100%
6	Queo Bathroom Innovations Ltd. (Subsidiary of Haas International B.V.)		GBP 1 = INR 80.8797	0.80	6.58	8.35	0.97	-	-	(4.49)	-	(4.49)	-	(4.49)	-	100%

** Alchemy International Cooperatief U.A. is a cooperative with exclusion of liability, incorporated and existing under the law of The Netherlands. The Members of Alchemy International Cooperatief U.A. are: Halis International Limited with a membership right of 99.99% and HSIL Limited with a membership right of 0.01%.*

Note 1 : Name of subsidiaries which are yet to commence operations : Nil

Note 2 : Name of subsidiaries which have been liquidated or sold during the year : Nil

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2017

Part "B" : Associates and Joint Ventures

Statement pursuant to section 129 (3) of the Companies Act, 2013 related to associate companies/joint ventures

(₹ in lakh)

Sr. No.	Name of Associates/Joint Ventures	1. Latest audited Balance Sheet Date	2. Share of Associate/Joint Venture held by the company on the year end			3.Description of how there is significant influence	4. Reason why the associate/ joint venture is not consolidated	5. Networth attributable to Shareholding as per latest audited Balance Sheet	6.Profit/Loss for the year	
			No.	Amount of investment in Associates/Joint Venture	Extend of Holding %				i. Considered in Consolidation	i. Not considered in Consolidation
					Nil					

Note 1 : Name of associates or joint ventures which are yet to commence operations : Nil

Note 2 : Name of associates or joint ventures which have been liquidated or sold during the year : Nil

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Place : Gurugram
Date : 18 May 2017

Payal M. Puri
Company Secretary
ACS No. 16068

Sandeep Sikka
Chief Financial Officer

HSIL

HSIL Limited

Registered Office: 2, Red Cross Place, Kolkata – 700 001.
Phone: 91-33-2248 7406/07
E-mail: hsilinvestors@hindware.co.in; website: www.hindwarehomes.com
CIN: L51433WB1960PLC024539

NOTICE

Notice is hereby given that the 57th Annual General Meeting of the members of HSIL Limited will be held at Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on Thursday, the 3 August 2017 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS

1. **To consider and adopt:**

   The audited financial statements of the Company for the financial year ended 31 March 2017, the reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company for the financial year ended 31 March 2017 and Auditors Report thereon.

2. To declare Dividend on Equity Shares for the year ended 31 March 2017.

3. To appoint a Director in place of Mr. Girdhari Lal Sultania (DIN 00060931) who retires by rotation and, being eligible, offers himself for re-appointment.

4. To consider and, if thought fit, to pass, the following resolution as an Ordinary resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, including any statutory enactment or modifications thereof, M/s Lodha & Co., Chartered Accountants (Firm Registration No.301051E), be and is hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of 57th Annual General Meeting (AGM) till the conclusion of the 62nd AGM of the Company, subject to ratification as to the said appointment at every AGM, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors including out of pocket expenses and other expenses."

SPECIAL BUSINESS

5. Re-appointment of Dr. Rajendra Kumar Somany (DIN: 00053557) as Chairman and Managing Director

   To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and subject to such other approvals and/or sanctions as may be necessary, consent and/or approval of the Company be and is hereby accorded to the re-appointment of Dr. Rajendra Kumar Somany (Dr. Somany) (DIN 00053557) as Chairman and Managing Director of the Company for a further term of three (3) consecutive years, commencing from 9 January 2018 till 8th January 2021, whose office is liable to retire by rotation, on terms and conditions including remuneration by way of salary, commission, perquisites and/or allowances as recommended by the Nomination and Remuneration Committee, contained in the draft Agreement to be entered into between the Company and Dr. Somany, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter, vary and modify the terms, conditions and stipulations of the said re-appointment provided, however, that the remuneration payable to Dr. Somany, shall not exceed the maximum limits for payment of managerial remuneration specified in Schedule V to the said Act or any amendment thereto as may be made from time to time or the laws or guidelines as may for the time being be in force.

   RESOLVED FURTHER THAT where in any financial year, during his term of office, the Company makes no profits or its profits are inadequate, the Company may pay Dr. Somany minimum remuneration by way of salary, perquisites and/or allowance subject to the maximum ceiling calculated in accordance with the scale laid down in Section II of Part II of Schedule V to the Companies Act, 2013, and in compliance with the provisions stipulated therein as applicable to the

Company at the relevant time depending upon the capital of the Company and as may be agreed to by the Board of Directors of the Company and acceptable to Dr. Somany.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do and perform all such acts, deeds, matters and things, as may be considered necessary, desirable or expedient to give effect to this resolution."

6. Authorization to enter into Consultancy Contract with M/s G. L. Sultania & Co., Proprietor Mr. Girdhari Lal Sultania, Non-Executive Director

   To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

   "**RESOLVED THAT** consent of the Members of the Company be and is hereby accorded to Mr. Girdhari Lal Sultania (DIN 00060931), Non-Executive Director of the Company, who possesses the requisite qualifications to provide professional services as Advisor/ Consultant to the Company for a period of 3 years w.e.f. 1 April 2017 on payment of remuneration of ₹12,50,000/- per annum plus service tax as applicable, expenses on travelling, conveyance, lodging and boarding, reimbursement of incidental and out of pocket expenses, towards professional services rendered/to be rendered.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to enter into Consultancy Contract with M/s G. L. Sultania & Co., Proprietor Mr. Girdhari Lal Sultania, for a period of 3 years as aforesaid, on such terms as the Board of Directors may deem fit and to do all things and to take all incidental and necessary steps that may arise in the course of implementing this Resolution."

By order of the Board
For HSIL Limited

Place : Gurugram
Date : 18 May 2017

(Payal M. Puri)
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS / HER BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A proxy should be sent in the form enclosed and in order to be effective must reach the registered office of the Company at least FORTY EIGHT HOURS before the scheduled time of the meeting. Proxies submitted on behalf of companies, societies etc. must be supported by appropriate resolution / authority as applicable.

2. A person can act as proxy on behalf of members not exceeding Fifty in number and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

3. Members who hold shares in dematerialised form are requested to bring their Depository ID Number and Client ID Number for easy identification for attendance at the meeting.

4. A copy of the financial statements of the Company for the financial year ended 31 March 2017 together with the Auditors' and Directors' Reports thereon are enclosed. Members and Proxy-holders are requested to bring their copies of Annual Report to the meeting.

5. Members are requested to write to the Company their query(ies), if any, on the accounts and operations of the Company at least 10 days before the meeting to keep the information ready at the meeting.

6. The Register of Members and the Share Transfer Books of the Company will remain closed from 22 July 2017 to 3 August 2017 (both days inclusive). Dividend on Equity Shares, if declared at the meeting, will be paid to those shareholders whose names appear on the Company's Register of Members on 22 July 2017 and in respect of shares held in the dematerialised form, dividend will be paid to the beneficial owners as per details furnished by the Depositories for this purpose as on close of business hours of 21 July 2017. The dividend, if declared, shall be paid by 8 August 2017.

7. Dividend, if declared, at the Annual General Meeting will be credited to the Bank account of respective Shareholders through National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS) where such facility is available. Members holding shares in electronic mode are therefore requested to furnish their Bank particulars in which they wish to receive dividend, through their Depository Participants (DPs). Members holding shares in physical form and desirous of availing

the NECS / ECS facility, are requested to update their Bank particulars by sending it to the Company's Registrar and Share Transfer Agent, M/s. Maheshwari Datamatics Private Limited, directly for instant credit of dividend and other cash entitlements. Shareholders of the Company are informed that pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the amount of dividend which remains unpaid/unclaimed for a period of 7 consecutive years is required to be transferred to the 'Investor Education & Protection Fund' (IEPF) constituted by the Central Government.

Accordingly, unpaid/unclaimed dividend upto the year 2008-2009 has been transferred to IEPF.

Shareholders who have not encashed their dividend warrant(s) for the year from 2009-2010 to 2015-2016 are requested to make claim with the Company immediately. Dividend declared by the Company for the financial year 31 March 2010, remain unpaid/unclaimed is due for transfer on or after 4 October 2017 to IEPF. A statement containing names, last known addresses and unpaid dividend of such shareholders is available on the website of the Company, i.e. www.hindwarehomes.com

Shareholders whose amount has been transferred to IEPF as above may claim refund from IEPF in accordance with provisions of Companies Act, 2013 and rules made thereunder.

Further, pursuant to the provisions of Section 124 of the Companies Act, 2013, and of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, all shares in respect of which dividend has not been paid or claimed by the Shareholders for seven consecutive years, the Company is required to transfer such Equity Shares of the members to the Demat Account of the IEPF. The Company has sent a communication to all shareholders concerned and had also published a Notice in the leading Newspaper both in English and Vernacular language, with respect to the formalities and process of such transfers. The Company will transfer such shares to the Demat Account of IEPF Authority, as per the guidelines issued by the concerned authority/(ies) from time to time.

8. Members holding shares in physical form and desirous of making a nomination or cancellation/ variation in nomination already made in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form SH.13 to the Registrar & Transfer Agent of the Company for nomination and Form SH.14 for cancellation/ variation as the case may be. Shareholders holding shares in demat form are also advised to avail nomination facility by submitting the prescribed form to their respective Depository Participants (DPs).

9. Members of the Company who have multiple folios in identical name(s) are requested to apply for consolidation of such folio(s) and send the relevant Share Certificates to the Company's Registrar & Transfer Agent viz. M/s. Maheshwari Datamatics Private Limited, 23, R. N. Mukherjee Road, 5th Floor, Kolkata –700 001, for necessary endorsement thereon.

10. Furnishing a copy of PAN Card of both transferor and transferee has been made mandatory by SEBI in all the cases of transfer of shares in physical form.

11. In accordance with section 20 of the Companies Act, 2013 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, service of documents on members by a Company is allowed through electronic mode. Accordingly, as a part of Green Initiative, soft copy of the Annual Report for the year ended 31 March 2017 has been sent to all the Members whose email address(es) are registered with the Company/Depository Participant(s) unless any Member has requested for a physical copy of the same. Such Annual Report alongwith Notice is also available on the Company's website www.hindwarehomes.com and on the website of CDSL i.e. www.cdslindia.com.

    In order to enable the Company to continue to send the documents in the electronic form, the Members are requested to register their e-mail ID with us and those holding shares in electronic mode are requested to register / update their e-mail ID with their Depository Participant (DP), with whom they are maintaining their demat account.

12. As required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant information in respect of Director seeking re-appointment at the Annual General Meeting is provided herein below and forms a part of this Notice.

13. Please send all correspondence including requests for transfer / transmission of shares, change of address etc. to Registrar & Transfer Agent of the Company.

14. The Company has designated an exclusive email ID "hsilinvestors@hindware.co.in" for redressal of shareholders' complaints / grievances. If you have any query please write to us at hsilinvestors@hindware.co.in.

15. The Company is providing facility for voting by

electronic means (remote e-voting) to vote on the resolutions set out in the Notice. The facility for voting through ballot paper will also be made available at the Annual General Meeting (AGM) and the Members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM, may attend the AGM, but shall not be entitled to cast their votes again.

16. Voting through electronic means:

i) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2015, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members, facility to exercise their right to vote on resolutions proposed to be passed at the meeting by electronic means. The Members may cast their votes using electronic voting system from a place other than the venue of the meeting ('remote e-voting').

ii) The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") as the Authorised Agency to provide e-voting facilities.

iii) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the members/beneficial owners as on the cut – off date i.e. on close of business hours of 27 July 2017.

iv) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e on close of business hours of 27 July 2017 only shall be entitled to avail the facility of remote e-voting/ballot.

v) Any person who becomes a Member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e on close of business hours of 27 July 2017, may contact RTA or CDSL to obtain User ID and password to vote on the resolution set out in the Notice through remote e-voting procedure.

vi) Members are requested to carefully read the instructions for remote e-voting before casting their vote.

vii) The remote e-voting facility will be available during the following voting period after which the portal will be blocked and shall not be available for e-voting :

Commencement of e-voting	From 9:00 a.m. (IST) on Monday the 31 July 2017
End of e-voting	Upto 5:00 p.m. (IST) on Wednesday, the 2 August 2017

viii) The procedure and instructions for remote e-voting are as under:

(a) Shareholders should log on to the e-voting website www.evotingindia.com

(b) Click on "Shareholders" tab.

(c) Now, select the "HSIL Limited" from the drop down menu and click on "SUBMIT".

(d) Now Enter your User ID.

(i) For CDSL: 16 digits beneficiary ID,

(ii) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

(iii) For Physical Form : Member should enter Folio Number registered with the Company.

(e) Next enter the Image Verification as displayed and Click on Login.

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

(g) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. The sequence number is printed on the separate letter addressed to the shareholders individually, containing particulars of remote e-voting sent alongwith the 57th Annual Report of the Company • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. ● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id/ folio number in the Dividend Bank details field.

(h) After entering these details appropriately, click on "SUBMIT" tab.

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

(j) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(k) Click on the EVSN for the relevant "HSIL Limited" on which you choose to vote.

(l) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(m) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(n) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(o) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.

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

(q) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(r) Note for Institutional Shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details they have to create a User ID who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(s) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

(t) The voting rights of shareholders shall be in proportion to their share in the paid up equity share capital of the Company.

GENERAL:

a. In case, Members cast their vote exercising both the options i.e. voting through Electronic means (remote e-voting) and by means of ballot paper at the meeting, then votes casted through remote e-voting shall only be taken into consideration and treated valid whereas votes casted by means of ballot paper at the meeting , shall be treated as invalid.

b. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

c. The Board of Directors have appointed Mr. Pravin Kumar Drolia, Company Secretary in practice, Kolkata (FCS No. 2366, CP No. 1362) as the Scrutinizer to scrutinize remote e-voting process and voting by ballot at the meeting in a fair and transparent manner.

d. The Scrutiniser, after scrutinizing the votes cast at the meeting by ballot and through remote e-voting, will, not later than forty eight hours of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman or a person authorised by him. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.hindwarehomes.com and on the website of CDSL i.e. www.cdslindia.com. The result shall simultaneously be communicated to the Stock Exchanges, where the equity shares of the Company are listed.

e. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting, i.e 3 August 2017

STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5

The present term of Dr. Rajendra Kumar Somany as Chairman and Managing Director of the Company (hereinafter referred to as Dr. Somany) will expire by efflux of time on 8 January 2018. The Board of Directors at their meeting held on 18 May 2017, have recommended to re-appoint Dr. Somany as Chairman and Managing Director of the Company for a further period of three (3) consecutive years, commencing from 9 January 2018 and upto 8 January 2021 on the remuneration as recommended by the Nomination and Remuneration Committee. His appointment and remuneration fixed by the Board are in accordance with Schedule V to the Companies Act, 2013 ("the Act") and are subject to the approval of the shareholders for which purpose relevant resolution as set out under item No.5 of the accompanying Notice is proposed.

The Board of Directors have recommended the following remuneration as recommended by the Nomination and Remuneration Committee payable to Dr. Somany with the power to the Board to make variation or increase therein as may be though fit from time to time, during the tenure of his re-appointment but within the ceiling laid down in Schedule V to the Companies Act, 2013 or any statutory amendment or relaxations thereof.

The abstract of terms and conditions of the re-appointment and remuneration payable to Dr. Somany, as embodied in the draft Agreement to be entered into by Dr. Somany with the Company for his re-appointment and remuneration payable to him, are as follows:

1. Period of Appointment
   Three (3) years commencing from 9 January 2018 to 8 January 2021.

2. Remuneration

a) SALARY : ₹25,00,000/-p.m. (in the scale of ₹25,00,000/- – 2,50,000/- – ₹32,50,000/-)

b) COMMISSION : At the rate of 4% of net profits of the Company for each financial year computed in the manner as laid down in Section 197 of the Companies Act, 2013.

c) PERQUISITES: Dr. Somany will be entitled to the following perquisites in addition to his salary and commission restricted to an amount equal to the annual salary of Dr. Somany.

During the tenure of appointment, the remuneration of Dr. Rajendra Kumar Somany, shall not exceed the ceiling of ₹9.50 crore, per annum in any Financial Year.

Unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows:

CATEGORY - A

This will comprise of house rent allowance, leave travel concession, medical reimbursement, fees of clubs, personal accident insurance and such other benefits, facilities and allowances as may be available and allowed to Dr. Somany, as per rules of the Company. These may be provided for as under:

Housing Rent Allowance: ₹3,50,000/- per month.

Medical Reimbursement

All medical expenses incurred for self and his family including hospitalisation, Nursing Home and Surgical charges in India and/or Abroad or both subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

Leave Travel Concession

For Dr. Somany and his family once in a year incurred in accordance with the Rules of the Company.

Club Fees

Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Of an amount, the annual premium of which does not exceed ₹10,000/- per annum for Dr. Somany.

Other benefits and Allowances

Any other benefits, facilities and allowances as may be available and allowed to Dr. Somany, as per rules of the Company.

The value of the perquisites for the purpose of calculating the above annual ceiling shall be evaluated as per Income Tax Rules wherever applicable, otherwise at actual.

CATEGORY –B

i) Contributions to Provident Fund and Superannuation/ Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

ii) Gratuity payable shall be half a month's salary for each completed year of service.

iii) Encashment of Leave at the end of the tenure will be permitted and will not be included in the computation of the ceiling on perquisites.

CATEGORY - C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Dr. Somany. Dr. Somany shall also be provided with a Mobile, Laptop and internet connection for the purpose of the Company's business, which will also not form part of perquisites.

Overall Remuneration

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to the Chairman & Managing Director and Vice Chairman & Managing Director of the Company as calculated in accordance with Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, as may be for the time being in force.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of office of Dr. Somany, the Company shall pay him remuneration by way of consolidated salary and perquisites in accordance with the limits laid down under Section II of Part II of the amended Schedule V to the Companies Act, 2013 as may be for the time being in force.

Sitting Fee

Dr. Somany shall not, so long as he acts as the Whole-time Director, designated as the Chairman and Managing Director of the Company, be paid any sitting fee for attending any meeting of the Board or any Committee thereof.

Other Terms

Dr. Somany shall not, during the continuance of his employment hereunder or at any time thereafter, divulge or disclose to any person or make use whatever for his own or for any other purpose any confidential information or knowledge acquired by him during his employment under the Company as to the business or affairs of the Company or as to any trade secret or secrets, processes of the Company and shall, during the continuance of his employment hereunder, use his best endeavors to prevent any other person from doing so.

Dr. Somany hereby undertakes that so long as he functions as the Whole time Director, designated as Chairman and Managing Director of the Company, he shall not become interested or otherwise concerned directly or indirectly in any selling agency of the Company in future without the prior approval of the Central Government.

The Board of Directors may, in their discretion, revise or modify any of the terms of appointment and remuneration from time to time within the limits laid down in Schedule V to the Act.

Termination

Notwithstanding anything contained in this Agreement, either party shall be entitled to determine this Agreement by giving six (6) months' notice in writing in that behalf to the other party and on the expiry of the period of such notice, this Agreement shall stand terminated. The Company shall also be entitled without assigning any reason whatsoever, to terminate the Agreement on giving to Dr. Somany six (6) months' salary as specified in Clause 2 (a) herein above in lieu of six months' notice required to be given under this Clause.

Service of Notice

Any notice to be given hereunder shall be sufficiently given or served in case of Dr. Somany by being delivered either personally to him or left for him at his address last known to the Company or sent by registered post addressed to him at such address and in the case of the Company by being delivered at or sent by registered post addressed to its registered office, any such notice if so posted shall be deemed served on the day following that on which it was posted.

In pursuance of Section II of Part II of Schedule V of the Act, following further information is given:

1. **General Information**

(a) Nature of industry	Manufacturing and Trading of Sanitaryware, Faucets, other Consumer Products, Container Glass and PET Containers.
(b) Date or expected date of commencement of commercial production.	8 February 1962
(c) In case of new Company, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not applicable.
(d) Financial performance based on given indicators.	Financial year 2016-17 Gross Revenue : ₹223445 Lakh Profit after Tax : ₹10301 Lakh Rate of Dividend : 200 % i.e ₹4/- on equity shares of ₹2/- each Earning per Share: ₹ 14.25
(e) Export performance and net foreign exchange earnings.	The Company had exported products worth ₹5202 Lakh during the financial year 2016-17. Foreign Exchange earned and used during financial year 2015-16 and 2016-17: (₹in Lakh) 2016-17 2015-16 Foreign exchange earned : 5202 6070 Foreign exchange used : 30406 29654
(f) Foreign investments or collaborators, if any.	The Company has no foreign collaborations. Investment in Foreign Companies as on 31 March 2017: Halis International Ltd: ₹219.02 Lakh Alchemy International Cooperatief U.A.: ₹0.12 Lakh

2. Information about the appointee:

Background Details	Dr. Rajendra Kumar Somany, commerce graduate from St. Xavier's College, Calcutta University, possesses an extensive 62-year working experience and provides the strategic direction and vision to the Company. He is an active member of Rotary for past 55 years. Dr. Somany assisted Bureau of Indian Standards (BIS) to develop quality standards for sanitaryware industry. He has been instrumental in aligning the Indian Standards with the European Standards. Dr. Somany has served on many Federations/Councils/Chambers of Commerce as President/Chairman; Executive Board member and Senior Fellow member of Indian Green Building Council (IGBC), Chairman of Indian Plumbing Skills Council (IPSC), former Chairman of Council of Indian Employers, former President of the Associated Chambers of Commerce and Industry of India (ASSOCHAM) and PHD Chamber of Commerce and Industry (PHDCCI) and Employers' Federation of India, founder President of Bahadurgarh Chamber of Commerce and Industry, fellow member of Chartered Management Institute, Institute of Directors, Institute of Materials, Minerals and Mining, UK (IOM^3), emeritus member of American Ceramic Society and life fellow of the All India Management Association.

Past Remuneration	The remuneration drawn by Dr. Somany during the past four years is as follows: Year — ₹ in Lakh 2013-14 — 573.49 2014-15 — 800.42 2015-16 — 950.08 2016-17 — 799.20
Recognition or Awards	• Bestowed upon with the degree of "Doctor of Philosophy in Management" by the KEISIE International University (KIU), South Korea, • Presented with 'Lifetime Achievement' Honour by Washroom & Beyond - reputed trade magazine, • Presented with 'Lifetime Achievement Award' and 'Vishwakarma Award' by Indian Plumbing Association (IPA), • Conferred with 'Lifetime Achievement Award' by ACETECH, • Conferred with "Life Time Achievement Honour" by World Consulting and Research Corporation (WCRC), • Conferred with "Life time Achievement Award" at India's Most Admired Brand's event hosted by White Page International, • Presented with 'Trailbrazer of Sanitaryware Award' at World Business Conclave, Hongkong, • 'World Leader Businessperson' recognition by the World Confederation of Business, • Fellowship of Institute of Ceramics, U.K. and of the British Institute of Management
Job Profile and his suitability	He is the Chairman and Managing Director of the Company and devotes whole time attention to the management of the affairs of the Company and exercises powers under the supervision and superintendence of the Board of the Company.
Remuneration Proposed	As mentioned above.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Considering the responsibility shouldered by him of the enhanced business activities of the Company and also considering the levels of remuneration in India and worldwide, the remuneration proposed is considered reasonable. Nomination and Remuneration Committee consisting of three Independent Directors, after elaborate discussion, have proposed the aforesaid remuneration.
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Does not have any pecuniary relationship with the Company except remuneration drawn as Chairman and Managing Director and as a member to the extent of his shareholding in the Company. He is related to Mr. Sandip Somany, Vice Chairman & Managing Director and Ms. Sumita Somany, Director of the Company

3. Other Information

Reasons of loss or inadequate profits	There is profit, but as an abundant caution for payment of minimum remuneration to the Chairman and Managing Director in case of no profit or inadequate profit in any particular year the information is provided to the Shareholders.
Steps taken or proposed to be taken for improvement	
Expected increase in productivity and profits in measurable terms	

General Information

The Board of Directors are of the view that it is in the interest of the Company to continue to avail the services of Dr. Somany as Chairman and Managing Director of the Company.

Approval of members is sought for re-appointment of Dr. Rajendra Kumar Somany as Chairman and Managing Director and for payment of remuneration including minimum remuneration.

Memorandum of Interest

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution set out under Item No. 5 of the accompanying Notice of 57th Annual General Meeting of the Company except Dr. Rajendra Kumar Somany, Mr. Sandip Somany and Ms. Sumita Somany being relatives of each other.

Inspection of Documents

The draft of the proposed Agreement to be entered into between the Company and Dr. Rajendra Kumar Somany is available for inspection by the Members of the Company at its Registered Office, on any working day prior to the date of the meeting during 3.00 p.m to 5.00 p.m and will also be available at the meeting.

The Board recommends the Resolution under item No.5 of the accompanying notice for approval of the Shareholders of the Company.

ITEM NO. 6

Members are aware that Mr. Girdhari Lal Sultania, proprietor of M/s G. L. Sultania & Co., has been associated with the Company as Director since 9 January 2006. He holds a Bachelor Degree in Commerce and is a qualified Chartered Accountant and Company Secretary. He is a consultant by profession and possesses vast knowledge and experience of Financial Restructuring, Corporate Laws and Legal Compliance.

In accordance with the provisions of Section 197 of the Companies Act, 2013, the Nomination and Remuneration Committee, in their meeting held on 18 May 2017, expressed its opinion, as required under relevant provisions, that Mr. Girdhari Lal Sultania possesses the requisite qualification to render consultancy services.

Mr. Girdhari Lal Sultania has been rendering Financial Services to the Company vide the shareholders resolution dated 27th September, 2014 since last 3 years . The said contract with the Company has expired and the same needs to be renewed.

The Nomination and Remuneration Committee has recommended and the Audit Committee and the Board of Directors have approved entering into the Consultancy Contract with M/s G. L. Sultania & Co., Proprietor Mr. Girdhari Lal Sultania, for a period of 3 years commencing from 1 April 2017 to 31 March 2020.

Besides the payment of remuneration in the professional capacity, Mr. Sultania shall be entitled to receive sitting fees for attending the meetings of Board of Directors and committees thereof and commission as paid to all Non-Executive Directors of the Company as approved vide shareholder's resolution dated 30 September 2013.

The draft of the proposed Consultancy Contract is available for inspection at the Registered Office of the Company, on any working day prior to the date of the meeting during 3.00 p.m. to 5.00 p.m. and will also be available at the meeting.

Mr. Girdhari Lal Sultania holds 705 equity shares of the Company.

None of the Director, Key Managerial Personnel except Mr. Girdhari Lal Sultania, deemed to be concerned or interested, financially or otherwise in the proposed special resolution.

The Board recommends the resolution set forth under item No. 6 of the accompanying notice for approval of the Shareholders of the Company.

Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Directors seeking appointment / re-appointment

Mr. Girdhari Lal Sultania

Age	72 Years
No. of Shares held	705
Qualification	B.Com, F.C.A, F.C.S.
Brief Resume and Nature of his Expertise in specific functional areas	He is a qualified Chartered Accountant and Company Secretary. He has vast knowledge and experience of Financial Restructuring, Corporate Laws and Legal Compliance.
Names of listed entities in which the Directorship is held	1. HSIL Limited 2. Somany Ceramics Limited 3. The United Provinces Sugar Company Limited
Listed entities in which the membership of the Committees of Boards is held	Member *Audit Committee* Somany Ceramics Limited *Stakeholders Relationship Committee* Somany Ceramics Limited, and HSIL Limited *Nomination and Remuneration Committee* Somany Ceramics Limited

Dr. Rajendra Kumar Somany

Age	80
No. of Shares held	30,80,000
Qualification	Commerce Graduate from St. Xavier's College, Calcutta University
Brief Resume and Nature of his Expertise in specific functional areas	Please refer explanatory statement of Item no. 5 provided in this Notice.
Names of listed entities in which the Directorship is held	NIL
Listed entities in which the membership of the Committees of Boards is held	NIL

HSIL Limited
Registered Office: 2, Red Cross Place, Kolkata – 700 001.
Phone: 91-33-2248 7406/07
E-mail: hsilinvestors@hindware.co.in; website: www.hindwarehomes.com
CIN: L51433WB1960PLC024539

ATTENDANCE SLIP

The Folio No. and Name(s) of the Member(s) is / are to be furnished below in block letters

Folio No.. No. of Shares held ....

Client ID .... DP ID ....

Full Name(s) of Member / Joint Members

1. .... 2. ....

3. .... 4. ....

Full Name of the Proxy if attending the meeting ....

I hereby record my presence at the 57th Annual General Meeting of the Company held at Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on Thursday, the 3 August 2017 at 11:00 a.m.

....

Signature of the Member / Joint Member / Proxy attending the Meeting

Please complete this attendance slip and hand it over at the entrance of the Meeting hall.

HSIL

HSIL Limited

Registered Office: 2, Red Cross Place, Kolkata – 700 001.
Phone: 91-33-2248 7406/07
E-mail: hsilinvestors@hindware.co.in; website: www.hindwarehomes.com
CIN: L51433WB1960PLC024539

Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)	
Registered Address	
E-Mail ID	
Folio No/ Client Id & DP ID	

I/We, being the member (s) of .... share of the above named Company, hereby appoint:

1. Name:.. Address:..

   E-mail Id: .... Signature:.., or failing him/her

2. Name:.. Address:..

   E-mail Id: .... Signature:.., or failing him/her

3. Name:.. Address:..

   E-mail Id: .... Signature:.., as my/our

proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 57th Annual General Meeting of the Company, to be held on Thursday, the 3 August 2017 at 11:00 a.m at Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Number of shares held	For	Against
1	To consider and adopt: The audited financial statements of the Company for the financial year ended 31 March 2017, the reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company for the financial year ended 31 March 2017 and Auditors Report thereon.			
2	To declare Dividend on Equity Shares for the year ended 31 March 2017.			
3	To appoint a Director in place of Mr. Girdhari Lal Sultania (DIN 00060931) who retires by rotation and, being eligible, offers himself for re-appointment.			
4	To appoint M/s Lodha & Co., Chartered Accountants (ICAI Registration No. 301051E) as Statutory Auditors of the Company to hold office from the conclusion of 57th Annual General Meeting until the conclusion of the 62nd Annual General Meeting of the Company and to fix their remuneration.			
5	Re-appointment of Dr. Rajendra Kumar Somany (DIN: 00053557) as Chairman and Managing Director			
6	Authorization to enter into Consultancy Contract with M/s G. L. Sultania & Co., Proprietor Mr. Girdhari Lal Sultania, Non-Executive Director			

Signed this.. day of.. 2017

Signature of shareholder ....

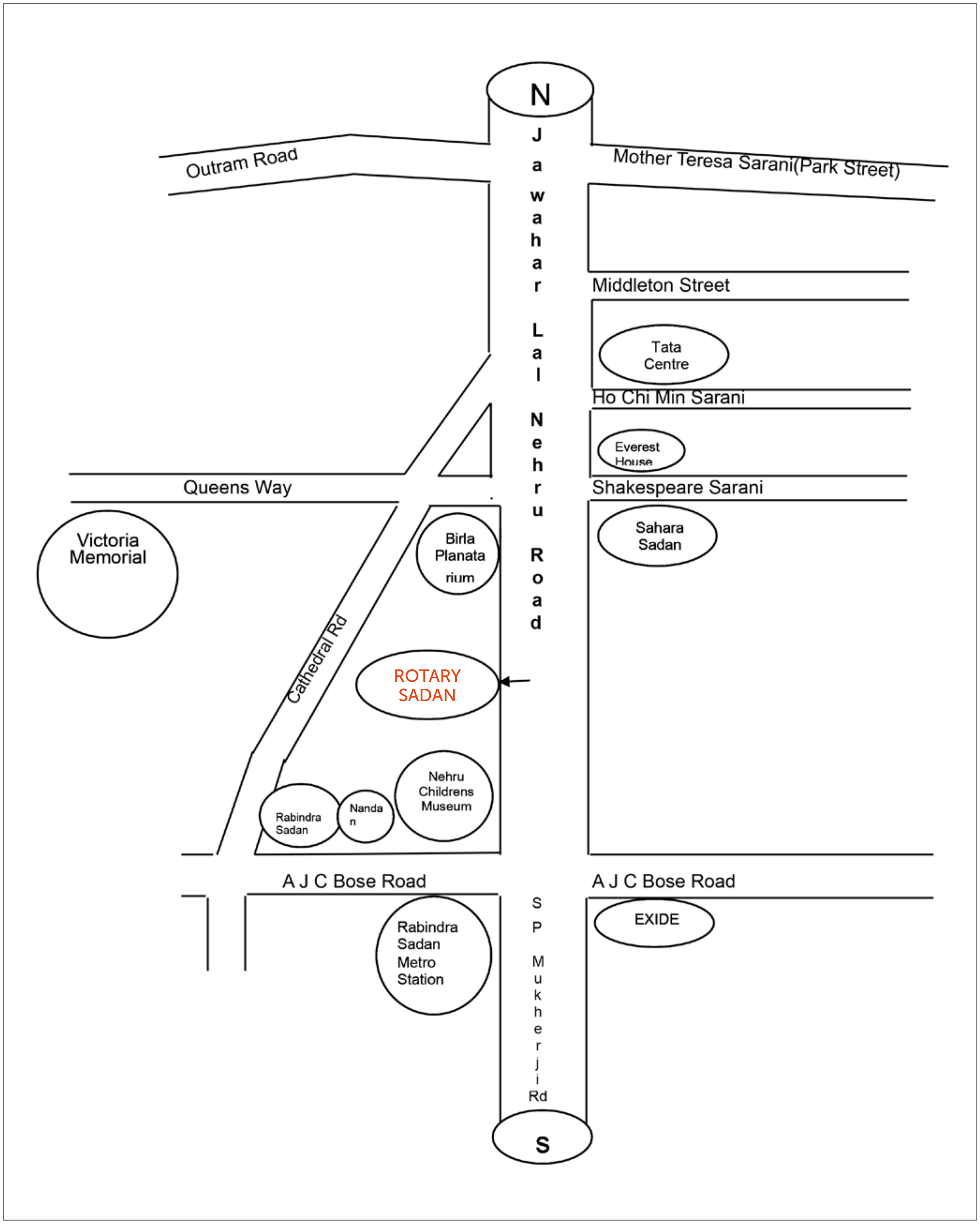
Signature of Proxy holder(s):.. ....

Affix
Revenue
Stamp
Re 1/-

Note:

1. The Proxy to be effective should be deposited at the Registered office of the Company not less than FORTY EIGHT HOURS before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
4. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
5. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.

ROUTE MAP


N
Jawahar Lal Nehru Road
Outram Road
Mother Teresa Sarani(Park Street)
Middleton Street
Tata Centre
Ho Chi Min Sarani
Everest House
Queens Way
Shakespeare Sarani
Victoria Memorial
Birla Planata rium
Sahara Sadan
Cathedral Rd
ROTARY SADAN
Nehru Childrens Museum
Rabindra Sadan
Nanda n
A J C Bose Road
A J C Bose Road
Rabindra Sadan Metro Station
EXIDE
S P Mukherji Rd
S

CORPORATE INFORMATION

Board of Directors

Dr. Rajendra Kumar Somany
Chairman and Managing Director
Mr. Sandip Somany
Vice Chairman & Managing Director
Mr. Ashok Jaipuria
Mr. G. L. Sultania
Mr. N. G. Khaitan
Mr. V. K. Bhandari
Dr. Rainer Siegfried Simon
Mr. Salil Kumar Bhandari
Mrs. Sumita Somany

Company Secretary

Ms. Payal M. Puri

Statutory Auditors

M/s Walker Chandiok & Co., LLP
Chartered Accountants

Internal Auditors

M/s DH Consultants Pvt. Ltd

Registered Office

2, Red Cross Place, Kolkata - 700 001
Tel: +91 33 22487406/07
E-mail: hsilinvestors@hindware.co.in

Corporate Office

301-302, Park Centra, Sector 30,
National Highway 8,
Gurugram-122001
Tel: +91 1244 779200/201
Fax: +91 1244 292898/99

Consumer Products Business Office

Echelon Institutional, Plot No. 37
B, Sector-32, Near Jharsa Chowk,
Gurugram, Haryana - 122 001
Tel: +91124 2889300

Plant Locations

Building Products Division
Bahadurgarh-124 507,
Dist. Jhajjar, Haryana
Tel: +91 1276 230486/7, 2322 27/8

Somanypuram Brahmanapally Village,
Bibinagar,Dist. Nalgonda - 508 126,
Telangana
Tel: +91 8685279800

G 470-471, Phase I,
RIICO Industrial Area,
Bhiwadi - 301 019, Rajasthan
Tel: +91 1432 257752

Plot No. SP1 - 254,
RIICO Industrial Area,
Kaharani, Bhiwadi - 301 019, Rajasthan

Pipes Division
(plant under construction)
Survey No.218, Sitarampur,
Isnapur-502 307, Patancheru (Mandal),
Sangareddy Dist., Telangana
Tel: 08455-225533

Packaging Products Division

AGI Glaspac
Glass Factory Road, Off Motinagar,
P.B. No. 1930, Sanathnagar P.O.,
Hyderabad - 500 018, Telangana
Tel: +91 4023 831771
Fax: +91 4023 831787

Glass Factory Road, Bhongir - 508 116,
Nalgonda District, Telangana
Tel: +91 8685 246600

Garden Polymers
Garden Polymers,
KIADB Industrial Area,
Lakamanhalli,
Dharwad - 580 004, Karnataka
Tel: 0836-2461390

Garden Polymers,
Khasra No. 122,
Pachwadoon, Mauja Central
Hope Town, Pargana (Selaqui)
Dehradun - 248 197, Uttarakhand
Tel: 0135-2699150

AGI Clozures,
Survey No.208 to 218, Sitarampur,
Isnapur-502 307, Patancheru (Mandal),
Sangareddy Dist., Telangana

Bankers

Andhra Bank
Canara Bank
Central Bank of India
Citibank N.A.
DBS Bank Ltd.
HDFC Bank Ltd.
Standard Chartered Bank
State Bank of India
The Hongkong and Shanghai Banking
Corporation Limited
IndusInd Bank Ltd.

Regional Offices

Bengaluru
Tel: +91 9632534475
E-Mail: bangalore@hindware.co.in

Chennai
Tel: +91 9677488200
E-Mail: chennai@hindware.co.in

Ernakulam
Tel: +91 4842421030
E-Mail: kochidepot@hindware.co.in

Mumbai
Tel: +91 22 49559999
E-Mail: mumbai@hindware.co.in

Pune
Tel: +91 20 24269582
E-Mail: pune@hindware.co.in

Secunderabad
Tel: +91 40 66288000
E-Mail: marketing.hyd@hindware.co.in

Chandigarh
Tel: +91 8130724555
E-Mail: chandigarh.depot@hindware.co.in

Patna
Tel: +91 9162136843
E-Mail: patna.depot@hindware.co.in

EVOK Stores

Delhi - Kirtinagar

Haryana - Crown Interioz Mall, Faridabad; JMD Mall, Gurugram

Uttar Pradesh- Shipra Mall, Ghaziabad; Shalimar Bulding Hazratganj, Lucknow

Punjab - Ferozpur Road, Ludhiana

Maharashtra - Hypercity, Near Inorbit Mall, Malad, Mumbai

Telangana - Jubilee Hills, Hyderabad

Karnataka - Marathalli, J.P. Nagar; Kalyan Nagar, Bengaluru

Rajasthan - Tonk Road, Jaipur

Madhya Pradesh - Malhar Mega Mall, Indore

Gujarat - Zodiac Square, S.G. Highway, Bodakdev, Ahmedabad

HSIL LIMITED

Registered Office
2, Red Cross Place, Kolkata - 700 001
Tel: +91 33 22487406/07
E-mail: hsilinvestors@hindware.co.in

Corporate Office
301- 302, III Floor, Park Centra, Sector 30,
N.H. 8, Gurugram, Haryana 122001
Tel: +91 124 4779200,
Fax : +91 124 4292898, +91 124 4292899

ANNEXURE - XVIII - A

hindware

10th November, 2017

To,
General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai 400 001

Dear Sirs,

Re: Listing status of the resulting companies in connection with the application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in relation to 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.

1. 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 ("**Scheme**"), *inter alia* involves the following demergers:

   (a) demerger of the Consumer Products Distribution and Marketing Undertaking or CPDM Undertaking and the Retail Undertaking of the Company to Resulting Company 1, being a wholly owned subsidiary of the Company; and

   (b) demerger of the Building Products Manufacturing Undertaking or the BPDM Undertaking of the Company to Resulting Company 2, being a wholly owned subsidiary of Resulting Company 1,

1. In consideration for the demergers, the Resulting Company 1 shall issue and allot 1 equity share of Rs. 2 each of Resulting Company 1 for every 1 equity share of Rs. 2 each of the Demerged Company to the shareholders of the Company as on the Record Date. After the said allotment of shares of Resulting Company 1, the shareholders of the Company shall become the shareholders of Resulting Company 1 and Resulting Company 1 will be listed on BSE Limited and the National Stock Exchange of India Limited.

2. In relation to the Scheme, we hereby confirm that, on the Scheme becoming effective:

   (a) The equity shares of Resulting Company 1 will be listed on BSE Limited and the National Stock Exchange of India Limited; and

   (b) Resulting Company 2 will remain a wholly owned subsidiary of Resulting Company 1 and its equity shares shall remain unlisted.

For and on behalf of HSIL Limited

Name: Payal M Puri
Designation: 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

ANNEXURE - XVIII - B

hindware

10th November, 2017

To,
General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai 400 001

Dear Sirs,

Re: Details of Assets and Liabilities of the Demerged division that are being transferred in relation to 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.

1. 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 ("**Scheme**"), *inter alia* involves the following demergers:

   (a) demerger of the Consumer Products Distribution and Marketing Undertaking or CPDM Undertaking and the Retail Undertaking of the Company to Resulting Company 1, being a wholly owned subsidiary of the Company w.e.f. Appointed Date (As defined in the proposed scheme); and

   (b) demerger of the Building Products Manufacturing Undertaking or the BPDM Undertaking of the Company to Resulting Company 2, being a wholly owned subsidiary of Resulting Company 1 w.e.f. (As defined in the proposed scheme),

2. The appointed date is as defined in Scheme to mean "April 1, 2018 or such other date as the Hon'ble Tribunal may direct". Since the appointed date is prospective date, the determination of assets and liabilities for the demerged division as on appointed date will be done the management based on financials as of April 1, 2018.

For and on behalf of HSIL Limited

G.L. Sultania
Director

CERTIFIED TRUE COPY

For HSIL LIMITED

Company Secretary

ANNEXURE - XVIII-C

hindware

10th November, 2017

To,
General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001

Dear Sirs,

Re: **Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation o 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.**

1. 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 ("**Scheme**"), *inter alia* involves the following demergers:

   (a) demerger of the Consumer Products Distribution and Marketing Undertaking or CPDM Undertaking and the Retail Undertaking of the Company to Resulting Company 1, being a wholly owned subsidiary of the Company; and

   (b) demerger of the Building Products Manufacturing Undertaking or the BPDM Undertaking of the Company to Resulting Company 2, being a wholly owned subsidiary of Resulting Company 1,

2. In consideration for the demergers, the Resulting Company 1 shall issue and allot 1 equity share of Rs. 2 each of Resulting Company 1 for every 1 equity share of Rs. 2 each of the Demerged Company to the shareholders of the Company as on the Record Date. After the said allotment of shares of Resulting Company 1, the shareholders of the Company shall become the shareholders of Resulting Company 1 and Resulting Company 1 will be listed on BSE Limited and the National Stock Exchange of India Limited.

3. In relation to the proposed Scheme, we hereby confirm that:

   (a) There will be no change in share capital of Resulting Company 1 till the listing of the equity shares of Resulting Company 1 on BSE Limited; and

   (b) The shares allotted by Resulting Company 1 pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

For and on behalf of HSIL Limited

Name: Payal M Puri
Designation: 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

ANNEXURE – XVIII-D

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

To,
General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001

Dear Sirs,

Re: **Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to 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 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 ("**Scheme**"), we hereby confirm that:

(a) Equity shares issued by Resulting Company 1 pursuant to the Scheme shall be listed on the BSE Limited ("**Exchange**"), subject to SEBI granting relaxation from applicability under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957;

(b) Resulting Company 1 shall comply with all the provisions contained in SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017; and

(c) Resulting Company 1 shall also fulfill the Exchange's criteria for listing and shall also comply with rules, bye-laws, and regulations of the Exchange and other applicable statutory requirements.

For and on behalf of Somany Home Innovation Limited
For Somany Home Innovation Limited

Name: G.L.Sultania
Designation: Director

CERTIFIED TRUE COPY

For HSIL LIMITED

Company Secretary

ANNEXURE - XVIII - E

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 dèsign, 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**

For HSIL LIMITED

CERTIFIED TRUE COPY

Company Secretary

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.

New Delhi
Chartered Accountants

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 Networth	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, III[rd] 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

HSIL 57 YEARS OF LEADERSHIP