



**SOMANY HOME INNOVATION LIMITED**

The Company was incorporated as a public unlisted company under the Companies Act, 2013 on 28 September, 2017 in Kolkata, West Bengal. The Corporate Identification Number of the Company is U74999WB2017PLC222970. For other details of the Company, please refer to "History and certain Corporate Matters" on page 70 of this Information Memorandum.

**Registered Office:** 2, Red Cross Place, Kolkata, West Bengal, India - 700001

**Tel.:** +91-33-22487407/5668

**Contact Person:** Ms. Payal M Puri, Company Secretary & Compliance Officer

**Website:** [www.shilgroup.com](http://www.shilgroup.com); **Email:** [payal@hindware.co.in](mailto:payal@hindware.co.in)

**OUR PROMOTERS: DR. RAJENDRA KUMAR SOMANY AND MR. SANDIP SOMANY**

**INFORMATION MEMORANDUM FOR LISTING OF 7,22,96,395 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP ISSUED BY SOMANY HOME INNOVATION LIMITED (THE "COMPANY" / "SHIL") PURSUANT TO THE COMPOSITE SCHEME OF ARRANGEMENT (THE "SCHEME")**

**NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM**

**GENERAL RISKS**

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Equity Shares of the Company unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Equity Shares of the Company. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Information Memorandum. **Specific attention of investors is invited to the section titled "Risk Factors" given on page 9 of the Information Memorandum.**

**ABSOLUTE RESPONSIBILITY OF SOMANY HOME INNOVATION LIMITED**

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Information Memorandum contains all information with regard to the Company, which is material, and that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omissions of which makes the Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**LISTING**

The Equity Shares of the Company are proposed to be listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). For the purposes of listing of our Equity Shares pursuant to the Scheme of Arrangement, NSE is the Designated Stock Exchange. The Company has submitted the Information Memorandum with BSE and NSE and the same has been made available on the Company's website viz. [www.shilgroup.com](http://www.shilgroup.com). The Company has received in-principle approval for listing from BSE and NSE on 13 December, 2019 and 11 October, 2019 respectively. The Information Memorandum would also be made available on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)).

**REGISTRAR AND SHARE TRANSFER AGENT**



**Maheshwari Datamatics Private Limited**

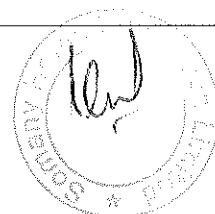
SEBI Regn. No.: INR000000353

5th floor, 23, R.N. Mukherjee Road, Kolkata - 700001

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Contact Person: Mr. S Rajagopal



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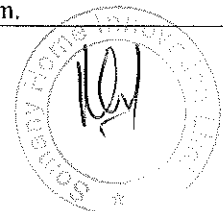
## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Information Memorandum and references to any statute or regulations or policies shall include amendments thereto, from time to time

#### Company and Scheme Related Terms

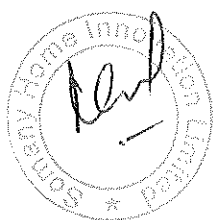
Term	Description
<b>“Somany Home Innovation Limited” or “SHIL” or “the Company” or “our Company” or “we” or “us” or “our”</b>	Unless the context otherwise requires, refers to Somany Home Innovation Limited, a Company incorporated under the Companies Act, 2013.
<b>Appointed Date</b>	01 April, 2018
<b>Articles / Articles of Association / AOA</b>	The Articles of Association of our Company, as amended from time to time.
<b>Board of Directors / the Board / our Board</b>	The Board of Directors of Somany Home Innovation Limited and includes its Committees.
<b>BPDM Undertaking</b>	Building Products Distribution and Marketing Undertaking which 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, i.e. HSIL Limited. For more information, please refer to the section titled “ <i>Scheme of Arrangement</i> ” on Page 75 of this Information Memorandum. Also referred to as “Building Products Division” or “BPD” or “Building Products” in this Information Memorandum.
<b>CPDM Undertaking</b>	Consumer Products Distribution and Marketing Undertaking which 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, i.e. HSIL Limited. For more information, please refer to the section titled “ <i>Scheme of Arrangement</i> ” on Page 75 of this Information Memorandum. Also referred to as “Consumer Products Division” or “CPD” or “Consumer Products” in this Information Memorandum.
<b>Demerged Company</b>	HSIL Limited
<b>Directors / our Directors</b>	The Director(s) of Somany Home Innovation Limited, unless otherwise specified.
<b>Effective Date</b>	05 August, 2019
<b>Memorandum / Memorandum of Association / MOA</b>	The Memorandum of Association of our Company, as amended from time to time.
<b>Promoter(s)</b>	Dr. Rajendra Kumar Somany and Mr. Sandip Somany
<b>Record Date</b>	20 August, 2019
<b>Registrar and Share Transfer Agent / RTA</b>	Maheshwari Datamatics Private Limited, having office at 5th floor, 23, R.N. Mukherjee Road, Kolkata - 700001
<b>Retail Undertaking</b>	Retail Undertaking means and includes all the activities, business, operations and undertakings of and relating to retail business undertaking of the Demerged Company. For more information, please refer to the section titled “ <i>Scheme of Arrangement</i> ” on Page 75 of this Information Memorandum. Also referred to as “Retail Division” or “Retail Business” in this Information Memorandum.
<b>Statutory Auditors / Auditors</b>	The Statutory Auditors of our Company, M/s. Lodha & Co., Chartered Accountants, (Firm Reg. No. 301051E), 12 , Bhagat Singh Marg , New Delhi - 110001.
<b>Composite Scheme of Arrangement</b>	Composite Scheme of Arrangement amongst HSIL Limited (“Demerged Company”), Somany Home Innovation Limited (“Resulting Company 1”) and Brilloca Limited (“Resulting Company 2”) and their respective shareholders and creditors under sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013. Also referred to as “Scheme” or “Scheme of Arrangement” in this Information Memorandum.



*For definitions of the terms used herein, if not defined, please refer to the Scheme / section titled "Scheme of Arrangement" on page 75 of this Information Memorandum.*

#### Conventional and General Terms / Abbreviations

Term	Description
<b>Act / Companies Act, 2013</b>	The Companies Act, 2013, as amended.
<b>AGM</b>	Annual General Meeting
<b>Applicable Laws</b>	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.
<b>BSE</b>	BSE Limited
<b>CDSL</b>	Central Depository Services (India) Limited
<b>CIN</b>	Corporate Identification Number
<b>Depositories Act</b>	The Depositories Act, 1996, as amended from time to time.
<b>Depository / Depositories</b>	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 2018, as amended from time to time, in this case being NSDL and CDSL.
<b>Depository Participant / DP</b>	Depository participant as defined under the Depositories Act, 1996
<b>DIN</b>	Director Identification Number
<b>EGM</b>	Extraordinary General Meeting
<b>EPS</b>	Earnings per Equity Share
<b>Equity Shares</b>	Equity Shares of our Company of face value Rs.2/- each, unless otherwise specified in the context thereof.
<b>Financial Year / Fiscal Year / Fiscal / FY</b>	Twelve months ending on March 31 of a particular year.
<b>GST</b>	Goods and Services Tax
<b>HUF</b>	Hindu Undivided Family
<b>Ind AS</b>	Indian Accounting Standards
<b>Indian GAAP</b>	Generally Accepted Accounting Principles in India
<b>Information Memorandum</b>	This document dated 18 December, 2019 filed with BSE and NSE and referred to as the Information Memorandum
<b>NCLT</b>	The National Company Law Tribunal
<b>No.</b>	Number
<b>NSDL</b>	National Securities Depository Limited
<b>NSE</b>	National Stock Exchange of India Limited
<b>PAN</b>	Permanent Account Number
<b>RBI</b>	Reserve Bank of India
<b>Rs. / Rupees / Indian Rupees / INR</b>	The legal currency of the Republic of India
<b>SCRA</b>	Securities Contracts (Regulation) Act, 1956 as amended from time to time
<b>SCRR</b>	Securities Contracts (Regulations) Rules, 1957 as amended from time to time
<b>SEBI</b>	The Securities and Exchange Board of India constituted under the SEBI Act
<b>SEBI (LODR) Regulations</b>	SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 as amended.
<b>SEBI (ICDR) Regulations</b>	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended.
<b>SEBI Act</b>	Securities and Exchange Board of India Act, 1992, as amended from time to time
<b>Stock Exchange(s)</b>	Shall refer to the BSE and the NSE where the Equity Shares of Somany Home Innovation Limited are proposed to be listed





**Industry / Business Related Terms**

<b>Term</b>	<b>Description</b>
<b>CAGR</b>	Compounded Annual Growth Rate
<b>CSR</b>	Corporate Social Responsibility
<b>FDI</b>	Foreign Direct Investment
<b>HSIL Limited / HSIL</b>	HSIL Limited, a company incorporated under the Companies Act, 1956, having registered office at 2, Red Cross Place, Kolkata-700001.
<b>NBFCs</b>	Non-Banking Financial Companies
<b>PPD</b>	Packaging Products Division



## CURRENCY OF FINANCIAL PRESENTATION AND USE OF MARKET DATA

### Currency of Financial Presentation

In the Information Memorandum, the terms “we”, “us”, “our”, the “Company”, “our Company”, “SHIL”, unless the context otherwise indicates or implies, refers to Somany Home Innovation Limited. In the Information Memorandum, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac/Lakh” means “one hundred thousand”, the word “million (mn)” means “ten lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”.

Throughout the Information Memorandum, unless otherwise stated, all figures have been expressed in Lakhs/Lacs. Unless indicated otherwise, the financial data in the Information Memorandum is derived from our financial statements prepared in accordance with Ind AS and included in the Information Memorandum.

There may be some differences between Ind AS and IFRS and/or US GAAP; accordingly, the degree to which the Ind AS financial statements included in the Information Memorandum will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices and Ind AS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Information Memorandum should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in the Information Memorandum, please see the section titled “*Definitions and Abbreviations*” on page 1 of the Information Memorandum. In the section titled “*Main Provisions of the Articles of Association*” on page 176, defined terms have the meaning given to such terms in the Articles of Association of our Company.

### Use of Market Data

Unless stated otherwise, market data used throughout the Information Memorandum has been obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe market data used in the Information Memorandum is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.



## FORWARD LOOKING STATEMENTS

This Information Memorandum includes statements which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue”, or other words or phrases of similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

Our forward- looking statements contain information regarding, among other things, our financial condition, future plans and business strategy. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. This may be due to risks or uncertainties associated with our expectations with respect to, but not limited to:

- General political, social and economic conditions in India and other countries;
- Regulatory changes and the Company’s ability to respond to them;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Technology changes;
- Change in domestic and foreign laws, regulations and taxes and change in the competition in the industry;
- Fluctuation of the operating cost;
- Company’s ability to attract and retain qualified personnel;
- Any adverse outcome in the legal proceedings in which the Company is involved;
- Strikes or work stoppages by our employees or contractual employees;
- Increasing competition in, and the conditions of, the industry;
- Failure to undertake projects on commercially favorable terms;
- Changes in government policies, including introduction of or adverse changes in tariff or non-tariff barriers, foreign direct investment policies, affecting the retail industry generally in India;
- Accidents and natural disasters; and
- Other factors beyond our control.

Future-looking statements speak only as of the date of this Information Memorandum. We undertake no obligation to publicly update or revise any forward- looking statements, whether as a result of new information, future events or otherwise. In light of the foregoing, and the risks, uncertainties and assumptions discussed in the section titled “*Risk Factors*” given on page 9 and elsewhere in this Information Memorandum, any forward- looking statement discussed in this Information Memorandum may change or may not occur, and our actual results could differ materially from those anticipated in such forward-looking statements. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not regard such statements to be a guarantee of our future performance.



## SECTION II – INFORMATION MEMORANDUM SUMMARY

*This section is a summary of specific disclosures included in this Information Memorandum and is not exhaustive nor does it purport to contain a summary of all disclosures or details relevant to prospective investors. For additional information and further details with respect to any of the information summarized below, please refer to the relevant sections of this Information Memorandum.*

### Summary of the Industry

The consumer durables sector in India is expanding rapidly, fueled by innovations and digital penetration. With an improvement in domestic consumption, the industry witnessed a growth of around 7-8% in FY 2018-19. The Indian appliance and consumer electronics (ACE) market is likely to expand at 9% CAGR to reach Rs.3.15 trillion in 2022.

### Summary of our Business

Prior to the Composite Scheme of Arrangement approved by Hon'ble NCLT, Kolkata Bench, amongst HSIL Limited, SHIL and Brilloca Limited and their respective shareholders and creditors, our Company was a wholly owned subsidiary company of HSIL Limited. Pursuant to the Scheme becoming effective, (i) Consumer Products Distribution and Marketing Undertaking of HSIL and (ii) Retail Undertaking of HSIL has been demerged from HSIL and vested into our Company from the Appointed Date of the Scheme, i.e. 01 April, 2018.

Pursuant to the vesting of aforesaid undertakings of HSIL in the Company, the Company is now engaged in 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 scheme and retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Scheme.

### Our Promoters

The Promoters of our Company are Dr. Rajendra Kumar Somany and Mr. Sandip Somany

### Shareholding of our Promoters and Members of our Promoter Group

As on the date of this Information Memorandum, the shareholding of the Promoters and the members of our Promoter Group are detailed below:

S. No.	Shareholders Name	Category	No. of shares	% of total shares of the company
1.	Dr. Rajendra Kumar Somany	Promoter	34,10,000	4.72
2.	Mr. Sandip Somany	Promoter	22,83,563	3.16
3.	Ms. Sumita Somany	Promoter Group	1,61,000	0.22
4.	Ms. Divya Somany	Promoter Group	1,46,912	0.20
5.	Mr. Shashvat Somany	Promoter Group	76,244	0.11
6.	Paco Exports Ltd.	Promoter Group	2,95,95,000	40.94
7.	Matterhorn Trust	Promoter Group	100	0.00
<b>Total</b>			<b>3,56,72,819</b>	<b>49.34</b>

### Financial Information

Following are details as per the unaudited consolidated financial results for the half year ended 30 September, 2019, restated consolidated financial statement of the Company for the financial year ended 31 March, 2019 (Post-Scheme) and the consolidated financial statement for the financial year ended 31 March, 2018:

(Rs. in Lakh unless stated otherwise)

Particulars	Six Months Ended 30 September, 2019 (Unaudited) Post-Scheme	31 March, 2019 Post-Scheme	31 March, 2018
Equity Share Capital	1,445.93	-	10.00
Share Capital Suspense Account	-	1,445.93	-
Net Worth	26,844.08	25,663.15	3.75
Total Income	80,875.55	1,67,881.05	0.07

Profit after Tax	1,153.06	5,469.68	(6.25)
Earnings per Share (basic and diluted) (in Rs.)	1.59	7.57	(1.25)
Net Asset Value per Equity Share (in Rs.)	37.13	35.50	0.75
Total Borrowings	24,628.82	30,272.00	6.00

For further details, please see section titled "Financial Statements" given on page 96 of the Information Memorandum.

#### Auditors Qualification

There have been no qualifications or adverse remarks by our Auditors in the restated consolidated financial statement of the Company for the financial year ended 31 March, 2019 and the consolidated financial statement for the financial year ended 31 March, 2018.

#### Outstanding Litigations

The summary of outstanding or pending litigations involving our Company, our Directors, our Promoters and our subsidiaries, as applicable, on the date of this Information Memorandum is set out below:

##### *Litigation against our Company*

Type of proceeding	No. of Cases	Amount involved, to the extent quantifiable (Rs. in Lakh)
Material civil proceedings	1	N/A
Criminal proceedings	Nil	Nil
Regulatory/ statutory proceedings	Nil	Nil
Taxation proceedings	Nil	Nil

##### *Litigation by our Company*

Type of proceeding	No. of Cases	Amount involved, to the extent quantifiable (Rs. in Lakh)
Material civil proceedings	1	N/A
Criminal proceedings	18	136.74
Regulatory/ statutory proceedings	Nil	Nil
Taxation proceedings	1	77.77

##### *Litigation involving our Directors*

Type of proceeding	No. of Cases	Amount involved, to the extent quantifiable (Rs. in Lakh)
Material civil proceedings	Nil	Nil
Criminal proceedings	2	87.49
Regulatory/ statutory proceedings	Nil	Nil
Taxation proceedings	1	50.00

##### *Litigation involving our Promoters*

Type of proceeding	No. of Cases	Amount involved, to the extent quantifiable (Rs. in Lakh)
Material civil proceedings	Nil	Nil
Criminal proceedings	1	N/A
Regulatory/ statutory proceedings	Nil	Nil
Taxation proceedings	Nil	Nil

##### *Litigation involving our subsidiaries*

Type of proceeding	No. of Cases	Amount involved, to the extent quantifiable (Rs. in Lakh)
Material civil proceedings	Nil	Nil
Criminal proceedings	199	1789.85
Regulatory/ statutory proceedings	Nil	Nil
Taxation proceedings	18	610.77

\*N/A - Not ascertainable

For further details, please see section titled "Outstanding Litigations and Material Developments" given on page 164 of



the Information Memorandum.

### Risk Factors

For details of the risks applicable to our Company, please see section titled “Risk Factors” given on page 9 of the Information Memorandum.

### Contingent Liabilities

Following are summary of our contingent liabilities as per the restated consolidated financial statement of the Company for the financial year ended 31 March, 2019 (Post-Scheme) and the consolidated financial statement for the financial year ended 31 March, 2018.

(Rs. in Lakh)		
Particulars	As at 31 March, 2019 Post-Scheme	As at 31 March, 2018
Demands raised by the service-tax authorities against which appeals have been filed	77.77	-
Demand made by sales tax authorities against which appeals have been filed	610.77	-

For further details, please see section titled “Financial Statements” given on page 96 of the Information Memorandum.

### Related Party Transactions

Following are summary of related party transactions as per the restated consolidated financial statement of the Company for the financial year ended 31 March, 2019 (Post-Scheme) and the consolidated financial statement for the financial year ended 31 March, 2018.

(Rs. in Lakh)			
Related Party	Particulars	As at 31 March, 2019 Post-Scheme	As at 31 March, 2018
HSIL Limited	Purchase of Sanitaryware, faucets, pipes and other products	57,248.06	-
	Management support services received	268.00	-
	Management support services provided	899.00	-
	Rent paid	974.00	-
	Reimbursement of expenses received	104.00	-
	Loan received	12.00	-

For further details, please see section titled “Financial Statements” given on page 96 of the Information Memorandum.

### Financing Arrangements

There are/have been no financing arrangements whereby the Promoters, member of Promoter Group, the Directors of our Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of this Information Memorandum.

### Weighted average price of securities

Except pursuant to the Scheme, our Promoters have not acquired any Equity Shares of the Company during last 1 (one) year preceding the date of this Information Memorandum.

### Average cost of acquisition of shares

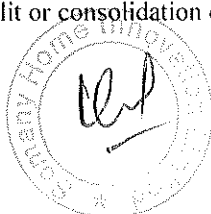
Not applicable, as the Promoters have not acquired any Equity Shares of the Company during last 1 (one) year preceding the date of this Information Memorandum except pursuant to the Scheme.

### Issue of share for consideration other than cash

Other than pursuant to the Scheme, our Company has not issued any Equity Shares during last 1 (one) year preceding the date of this Information Memorandum for consideration other than cash

### Split or consolidation of shares

Our Company has not undertaken a split or consolidation of the Equity Shares during last 1 (one) year preceding the date of this Information Memorandum



## SECTION III - RISK FACTORS

### RISK FACTORS

*An investment in equity securities involves a high degree of risk. You should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in the Equity Shares. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of the Equity Shares to decline, which could result in the loss of all or part of your investment. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. You should not invest in the Equity Shares unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.*

#### INTERNAL RISK FACTORS

1. *An inability to expand or manage our marketing and distribution network for our businesses or the loss of any significant dealer may adversely affect our business growth.*

We sell our consumer products (kitchen appliances, water heaters, water purifiers, air purifiers, air coolers etc.) to retail customers through our large distribution network of dealers and sub-dealers across India. We enjoy a vast network of 750+ distributors and 9,650+ retail outlets across India. Further, we operate our 25+ (owned and franchise) large format retail store under EVOK brand across the country in solid wood furniture, soft furnishings, home décor and accessories, wall fashion, modular kitchens, bath, decorative lightings etc.

Similarly, our subsidiaries, also enjoy a widespread distribution network across India for sanitaryware, faucets, pipe and fittings and online platforms. The competition for dealers, sub-dealers and online platform is intense in our industry and many of our competitors continue to expand their distribution networks. There can be no assurance that we will be able to successfully expand, maintain or manage our large distribution network and strengthen our relationship with our significant dealers in the future. If we lose any of our dealers or sub-dealers to competitors, we may lose some or all favorable arrangements with such dealers or sub-dealers, and could result in weakening or termination of our relationships with other dealers and sub-dealers. We may also not be able to effectively manage our dealers and sub-dealers and the cost of any consolidation or further expansion of our distribution network may exceed the additional revenue generated from such efforts. Furthermore, the performance of our dealers and sub-dealers and their ability to sell our products, strengthen our brand and expand their businesses and their sales network are crucial for the future growth of our business and would directly affect our sales volume and profitability. An inability to develop and maintain our relationship with key dealers by providing new and quality products, effective branding and marketing for such products, attractive commercial arrangements, or effective training and network support for dealers, may result in the loss of key dealers. There can be no assurance that we will be able to maintain or increase the historic levels of business from our key dealers, or that we will be able to immediately and successfully replace these key dealers at terms acceptable to us, should we lose any or all of them. Any loss of such key dealers may adversely affect our businesses, results of operations and financial condition. While we intend to continue to expand our operations and marketing efforts, we may not be able to sustain growth levels, and may not be able to leverage our experience in our existing markets in order to grow our business in new markets. An inability to effectively manage our expanded operations or pursue our growth strategy may lead to operational and financial inefficiencies, which could have a material adverse effect on our business prospects, financial condition and results of operations.

2. *We outsource manufacturing of our products to third parties, and any failure by such third parties to meet our standards or perform their obligations may adversely affect our business, results of operations and financial condition.*

We outsource manufacturing of all our products to approved third party manufacturers on a principal to principal



basis. The outsourcing arrangements with our third party manufacturers are not exclusive. Since, we do not control the operations of these third party manufacturers, we may not be able to monitor the performance of these third parties as directly and efficiently. Although, we carry out quality control checks of the products manufactured under these outsourcing contracts on a sample basis, we are exposed to the risks that third-party manufacturers may fail to perform their contractual obligations. However, our Company including subsidiaries in order to source quality finished goods in a timely and cost effective manner may set up our own production facilities which may impact the operating performance including impact on certain key ratios relating to business and may also trigger production related risks.

3. ***We have not entered into long term contracts, with the suppliers/vendors of the products marketed and sold by us. Our inability to obtain and/or source our products from our suppliers/vendors in a timely manner, in sufficient quantities and/or at competitive prices could adversely affect our operations, financial condition and/or profitability.***

If our suppliers/vendors are unable to supply the products that are marketed and sold by us, in sufficient quantities, or there is a loss of one or more significant suppliers/vendors, our ability to obtain traded products at competitive rates could be adversely affected. In such event, our cost of purchasing such products from alternate sources could be higher thereby adversely affecting our operating margins and results of our operations. Further, we do not enter into long term agreements with the suppliers/vendors of the products marketed and sold by us. Furthermore, we are also dependent on a few identified suppliers for sourcing major portion of our traded goods. Any severance of our relations with these suppliers and/or vendors could adversely affect our operations and profitability.

4. ***Our Company has in the past entered into related party transactions and may continue to do so in the future.***

We have entered into and may in the course of our business continue to enter into transactions with related parties. We will source the product range of sanitaryware, faucets, water heaters, pipe and fittings from HSIL which is also a related party. While we believe that all such transactions have been conducted on an arm's length basis and in the ordinary course of business, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have a material adverse effect on our financial condition and results of operations. For further details, please refer section titled "*Financial Information*" contained in this Information Memorandum

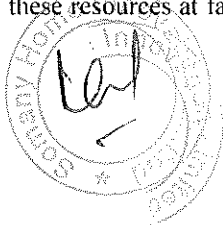
5. ***The loss, shutdown or slowdown of operations at any of the manufacturing facilities of our contract manufacturers and vendors, or underutilization of manufacturing capacities or ability to adapt technological changes by contract manufacturers or vendors, on products marketed and sold by the Company, may have a material adverse effect on our results of operations and cash flows.***

The products we sell are manufactured and sourced from contract manufacturers and vendors. They have manufacturing facilities at different places in India and abroad. Such manufacturing facilities are subject to various operating risks, including the breakdown or failure of equipment, performance below expected levels of output or efficiency, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. The occurrence of any of these risks could adversely affect operations of contract manufacturers by causing production at one or more of facilities to cease or slow down. The capacity utilisation rates at such manufacturing facilities of contract manufacturers are subject to various factors including availability of raw materials, gas, power, water, efficient working of machinery and equipment and optimal production planning.

We cannot assure that contract manufacturers will successfully implement new technologies effectively or adapt its systems to emerging industry standards. An inability to utilise manufacturing facilities to their full or optimal capacity, non-utilisation of such capacities or inability to adapt to technological changes by them may adversely affect our results of operations and financial condition also.

6. ***Any increase in power, fuel and manpower cost will affect the business operations and financial results of the Company as the cost will be pass-thru from our vendors or contract manufacturers plants.***

There are different types of fuels used in the manufacturing process at the manufacturing facilities of our contract manufacturers and vendors. Any increase in power and fuel costs in the future or lack of availability of these resources at favorable costs may also affect the business operations and financial results of our Company





also. Manpower cost is also one of key heads of contract manufacturer cost.

7. ***Our Promoters are involved in an entity that may operate in similar lines of business like us and certain of our Directors are also on the board of directors of such entity. In the event of a conflict of interest, our Promoters and our Directors may favour the interests of such entity over our interests.***

Pursuant to the Scheme and issuance of Equity Shares in the ratio of 1:1 to the shareholders of HSIL Limited, our Promoters are now part of the promoters and promoter group of and hold shareholding in HSIL Limited. Further, some of the Directors on our board may also be on the board of HSIL Limited. While HSIL Limited is also involved in the business of manufacturing of building material and other consumer products and sell most of such products manufactured like sanitaryware, faucet, water heaters and plastic pipe and fittings to us (including our subsidiaries), we cannot assure you that HSIL Limited will not compete in business in which we are already present or will enter into in the future. Although, HSIL Limited can't infringe on designs and brand names owned by our Company & its subsidiaries.

8. ***Certain of our Directors and Promoters are interested in our Company in addition to their remuneration and reimbursement of expenses.***

Certain of our Directors and Promoters are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company and in relation to certain transactions entered into with our Promoters. We cannot assure you that such Directors or Promoters will exercise their rights as shareholders to the benefit and best interest of our Company. For details on the interest of our Promoters and Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, please see section titled "Our Management – Interest of Directors" and "Our Promoters, Promoter Group and Group Companies – Interest of Promoters" on pages 85 and 90, respectively.

9. ***We are dependent on a number of key personnel, including our senior management, and the loss of, or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.***

Our performance depends largely on the efforts and abilities of our senior management and other key personnel. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. Competition for qualified personnel with relevant industry expertise in India is intense and the loss of the services of our key personnel may adversely affect our business, results of operations and financial condition. Further, low employee competencies and inadequate experience of our employees may adversely affect our business, results of operations and financial condition

10. ***Our Company has not paid any dividends in the past and we may not be able to pay dividends in the future.***

Our Company has not declared dividends for any financial year in the past and our Company may not be able to declare dividends in the future. The declaration, payment and amount of any future dividends are subject to the discretion of the Board and will depend upon a number of factors, including our Company's results of operations, future earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian law restrictions and other factors considered relevant by our Board.

11. ***Our inability to service our debt in a timely manner may have an adverse effect on our results of operations and financial condition.***

A continued downturn in the business cycle may put a strain on the Company's and its subsidiaries cash flow, such that the Company and its subsidiaries may not be able to generate sufficient cash required to pay its principle or interest obligations in respect of its borrowings. The Company's and its subsidiaries inability to service its debt on time may have other consequences for its business results & operations, requiring the Company and its subsidiaries to dedicate a portion of its cash flow from operations to servicing the indebtedness, limiting the Company's and its subsidiaries ability to borrow additional amounts and materially impacting the Company's ability to invest in future growth opportunities.



**12. *Terms of our financing agreements could adversely affect our financial condition and operations.***

Our financing agreements contain conditions and restrictive covenants that *inter-alia* require us to obtain consents from respective lenders prior to carrying out certain activities and to maintain financial ratios at all times. Further, the debt is secured by hypothecation of specified assets. The security could be invoked by the lenders in the event of default.

**13. *Increases in interest rates may materially impact our results of operations.***

Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to a significant extent by debt and increases in interest expense may have an adverse effect on our results of operations and financial condition. Our current debt facilities carry interest at variable rates. Although we may engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

**14. *Any downgrade of external credit rating may materially impact our results of operations.***

Our borrowings are yet to be accorded rating by an external credit rating agency. However, any downgrade in the credit ratings once obtained, could adversely affect the ability of our Company to raise additional financing and also adversely affect the interest rates and other commercial terms at which such additional financing is available.

**15. *Delays or defaults in payments by our dealers and/or any direct customers could adversely affect our results of operations.***

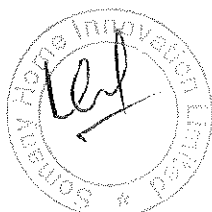
We may be subject to working capital risks due to delays or defaults in payment by our dealers and/or any direct customers we sell our products to, which may restrict our ability to procure traded good/products and make payments when due. Such defaults or delays by our dealers or customers in meeting their payment obligations to us may have a material adverse effect on our business, the results of operations and financial condition.

**16. *Our operations require adequate working capital. Our inability to meet short term liquidity requirement or obtain and/or maintain sufficient cash flow and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital, could adversely affect our operations, financial condition and profitability.***

Our operations require adequate amount of working capital. We are required to obtain and/or maintain adequate cash flows and funding facilities, from time to time. Our inability to meet short term liquidity requirement or obtain and/or maintain sufficient cash flow and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital, could adversely affect our operations, financial condition and profitability.

**17. *We are subject to risks associated with product warranty, recall and product liability due to defects in our products, which could generate substantial claims, adverse publicity or adversely affect our business, results of operations or financial condition.***

Defects, if any, in our products could require us to undertake service actions or product recalls. These actions could require us to expend considerable resources in correcting these problems and could adversely affect demand for our products. Repeated warranty claims could adversely affect results of our operations. Management resources could also be diverted from our business towards defending such claims. As a result, our business, result of operations and financial condition could suffer. We cannot assure you that the limitations of liability set forth in our contracts will be enforceable in all instances or will otherwise protect us from liability for damages. Some of the liabilities relating to above may relate to personal physical injury, disablements and loss of life.



18. *The quality and consistency of after sales service cannot be guaranteed which could adversely affect the reputation of our products.*

Our Company provides after sales service for its various products. However, the quality and consistency of after sales service cannot be guaranteed. Any failure to provide or any deficiency in after sale services may tarnish our reputation and affect our business.

19. *We face competition in our business from domestic & international competitors. Such competition would have an adverse impact on our business and financial performance.*

The industry, in which we are operating, is highly and increasingly competitive and may be materially adversely affected by, competitive pricing and other factors. Competition may result in pricing pressures, reduced profit margins or lost market share or a failure to grow our market share, any of which could substantially harm our business and results of operations. There can be no assurance that we can effectively compete with our competitors in the future, and any such failure to compete effectively may have a material adverse effect on our business, financial condition and results of operations. We may face competition in the consumer durables industry from large and small players. On the other hand in the furniture industry, we may face competition from organized and unorganized market players. Similarly, there are many international and domestic organized and unorganized players in the building material industry from whom our subsidiaries may face competition.

20. *Certain of our products are subject to seasonal variations that could result in fluctuations in our results of operations.*

Certain of our products (like water heaters and air coolers etc.) are subject to seasonal variations, primarily due to increased usage patterns of some products or derivatives in the summer and/or winter seasons in India. As a result, a substantial share of the income we derive from these products is based on weather periods. Because of seasonal fluctuations, our sales and results of operations may vary by fiscal quarter and the sales and results of operations of any given fiscal quarter may not be relied upon as indicators of the sales or results of operations of other fiscal quarters or of our future performance.

21. *Our inability to maintain an optimal level of inventory in our stores may impact our operations adversely.*

We estimate our sales based on the forecast, demand and requirements for the forthcoming season. In general, the orders are placed a few months before the actual delivery of products in the stores. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a full range of products at our stores. We may not be able to procure an alternate source of supply of products in time to meet the demands of our customers, or we may not be able to procure products of equal quality or on equally competitive terms, or at all. Such disruption to supply would materially and adversely affect our business, profitability and reputation. In addition, disruptions to the delivery of products to our distribution centres and stores may occur for reasons such as poor handling, transportation bottlenecks, or labour strikes, which could lead to delayed or lost deliveries or damaged products and disrupt supply of these products.

Although there are checks to avoid under-stocking and over-stocking, our estimates and forecasts are not always accurate. If we over-stock inventory, our capital requirements will increase and we will incur additional financing & associated inventory carrying costs including the risk of high obsolescence of inventory due to rapid technology changes, change in designs, tastes and fashion. Any fast product turnovers may also burden our inventory excessively. If we under-stock inventory, our ability to meet customer demand and our operating results may be adversely affected. Any mismatch between our planning and actual consumer consumption could lead to potential excess inventory or out-of-stock situations, either of which could have an adverse effect on our business, financial condition and results of operation.

22. *We are subject to risks associated with expansion into new geographic regions.*

Expansion into new geographic regions, including different states in India, subjects us to various challenges, including those relating to our lack of familiarity with the culture, legal regulations and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations, and the lack of brand recognition and reputation in such regions. The risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face significant competition in such markets.



By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including:

- compliance with a wide range of tax, laws, regulations and practices, including uncertainties associated with changes in laws, regulations and practices and their interpretation;
- uncertainties with new local business partners;
- ability to understand consumer preferences and local trends in such new regions;
- exposure to expropriation or other government actions; and
- political, economic and social instability.

By expanding into new geographical regions, we may be exposed to significant liability and could lose some or all of our investment in such regions, as a result of which our business, financial condition and results of operations could be adversely affected.

- 23. *We may not be successful in maintaining and enhancing awareness of our brands. Any fall in our brand's reputation may adversely affect our business, results of operations and prospects.***

We believe that our bouquet of brand names command strong brand recognition due to its long presence in the markets in which we operate. Our success depends on our ability to maintain the brand image of our existing products and effectively build our brand image for new products and brand extensions. Decrease in product quality due to reasons beyond our control or our inability to identify current trends and rollout innovations or allegations of product defects and misbranding could tarnish the image and may cause customers to choose other products. Further, there can be no assurance that our established brand name will not be adversely affected in the future by events that are beyond our control.

- 24. *Our insurance cover may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage.***

We could face liabilities, or otherwise, suffer losses, should any unforeseen incident such as fire, flood, and accidents affect our stores and distribution centres or in the regions/areas where our stores and distribution centres are located. Although we try to maintain necessary insurance coverages, there can be possible losses, which we may not have insured against or covered or wherein the insurance cover in relation to the same may not be adequate. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us.

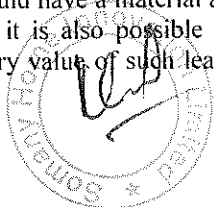
Further, we cannot assure that we will continue to accurately ascertain and maintain adequate insurance for losses that may be incurred in the future.

- 25. *Our results of operations could be adversely affected by strikes, work stoppages or increased salary demands by our employees.***

While we have not experienced any significant employee related issues in the past, there can be no assurance that we will not in the future experience any strikes, work stoppages or other industrial actions or that these situations will not disrupt our business and operations. In the event that we are unable to manage any employee related issues or negotiate any settlement with our employees on acceptable terms, it could result in strikes, work stoppages or increased operating costs as a result of higher than anticipated salary or benefits, which may adversely affect our business prospects, reputation, and results of operations.

- 26. *Some of our premises are located on leased premises, and our operations may be materially and adversely affected if we are unable to continue to utilize any one or more of these.***

We have set up offices, retail stores, showrooms, service centres and brand display centres for effective distribution, display, selling of and post sales services in relation to our products as well as publicity of our brands and products on which our business and operations are significantly dependent. Our offices, branches, showrooms, service centres, display centres and other facilities are typically located on leased premises for which we have entered into lease arrangements. If we are unable to continue to use such premises or extend such lease on its expiry on commercially acceptable terms, or at all, we may suffer a disruption in our operations which could have a material and adverse effect on our business, results of operations and financial condition. In addition, it is also possible that some of these leases may not have been registered, which may affect the evidentiary value of such lease agreement in specific performance or other injunctive procedures in a court of law.



27. *Any future equity offerings or issue of options under the employee stock option scheme may lead to dilution of investor's shareholding in our Company including our Subsidiaries.*

Equity shareholders to whom shares have been allotted pursuant to the Scheme, may experience dilution of their shareholding to the extent we make future equity offerings in the Company and to the extent the Company decides to grant options under an employee's stock option scheme.

28. *Our inability to renew or maintain our statutory and regulatory permits and approvals required to operate our business would adversely affect our operations and profitability.*

We are required to obtain and maintain various statutory and regulatory permits and approvals to operate our business. We will be required to renew such permits and approvals. While we believe that we will be able to renew or obtain such permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

29. *Any failure in our information technology systems may adversely affect our business, results of operations and financial condition.*

Our information technology systems are a critical part of our business and enable us to manage key business processes such as customer and dealer relationship management and transaction processing, as well as our financial reporting system. Any delay in implementing critical upgrades to our information management systems or technical failures associated with our information technology systems, including those caused by power failures, computer viruses or unauthorized tampering of our information technology systems may adversely affect our ability to plan, track, record and analyze work in progress and sales, process, financial information, manage our creditors and debtors or otherwise conduct our normal business operations, which may increase our costs and otherwise adversely affect our business, results of operations and financial condition.

30. *Our Company, Subsidiaries, Promoters, Group Companies and Directors may be involved in certain legal proceedings and potential litigations. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.*

Our Company and our Subsidiaries, Promoters, Group Companies and Directors may be involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. These have arisen in the ordinary course of business of our Company. Further, some litigations may arise due to the Scheme, which we cannot ascertain as on date. For details, please see section titled "Outstanding Litigations and Material Developments" given on page 164 of the Information Memorandum. In the event that a substantial portion of these proceedings or one or more of the proceedings involving a substantial amount are decided against us, our operations and profitability could be adversely affected.

31. *We have incurred losses in some part of our business like consumer product division and retail division in the past. If we continue to incur losses, the results of our operations and financial condition may be materially and adversely affected.*

We have reported losses in some part of the business like consumer product division and retail division in the past. The losses we incur put a strain on our financial resources and also affect our ability to operate our business operations. Our Company cannot assure you when our Company's consumer products business and retail business will begin to generate profit in near future.

32. *If any of our contingent liabilities materialize, our liquidity, business, prospects, financial condition and results of operations could be adversely affected.*

If any of the contingent liabilities, not provided for in the financial statements of our Company as on 31 March, 2019, materializes then our liquidity, business, prospects, financial condition and results of operations could be adversely affected. For further details please see the section titled 'Financial Information' beginning on page 96 of this Information Memorandum.



**33. *Some of our subsidiaries have incurred losses in the past and may incur losses in the future.***

Some of our direct and indirect subsidiaries have incurred losses in the past. There is no assurance that it will not incur similar losses in the future. In the event of such loss in the future, our consolidated results of operations and financial condition will be materially and adversely affected. For further details please see the section titled 'History and certain corporate matters' beginning on page 70 of this information memorandum.

**34. *We have not independently verified certain data in this Information Memorandum, which might have certain limitations.***

We have used data from undisclosed sources and not independently verified data contained in this Information Memorandum and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

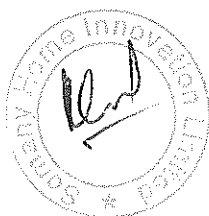
## **EXTERNAL RISK FACTORS**

**1. *Copper, steel, polymer resin, brass, iron, wood, fabric etc. are the primary raw materials for the manufacturers of kitchen appliances, consumer durables, furniture & furnishings and building material products sourced by us from international and domestic vendors. Consequently, volatility in the supply or price of these raw materials including due to volatility in foreign exchange rates in relation to Indian Rupee could adversely affect our operations and profitability.***

Copper, steel, polymer resin, brass, iron, wood, fabric etc. are the primary raw materials for the manufacturers of kitchen appliances, consumer durables, furniture & furnishings and building material products marketed by us. We are sourcing these range of products from international and domestic vendors. We are exposed to volatility in the price of these raw materials as well as adverse foreign currency movements. The price of the aforesaid commodities are highly volatile and cyclical in nature. Numerous factors, most of which are beyond our control, influence their respective prices. These factors include general economic conditions, worldwide production capacity, capacity-utilization rates, downturns in purchase by traditional bulk end users of these commodities or their customers, a slowdown in basic manufacturing industries, import duties and other trade restrictions and currency exchange rates. If the price of copper, steel, polymer resin, brass, iron, wood, fabric etc. increase in the future, there can be no assurance that we will be able to pass on such increases to our customers. Increased prices of these commodities may also cause potential customers to defer the purchase of our products, which would have an adverse effect on our operations, financial condition and profitability.

**2. *The trading volume and market price of the Equity Shares may be volatile after the listing.***

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control: (a) quarterly variations in our results of operations; (b) results of operations that vary from the expectations of securities analysts and investors; (c) results of operations that vary from those of our competitors; (d) changes in expectations as to our future financial performance, including financial estimates by research analysts and investors; (e) a change in research analysts' recommendations; (f) announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments; (g) announcements by third parties/governmental entities of significant claims or proceedings against us; (h) new laws and governmental regulations applicable to our industry; (i) additions or departures of key management personnel; (j) changes in exchange rates; (k) fluctuations in stock market prices and volume; (l) general economic and stock market conditions etc. changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.



3. *Any downgrade of credit ratings of India or Indian companies may adversely affect the ability to raise debt financing.*

India's sovereign foreign currency long-term debt is rated by (i) Standard & Poor's Rating Group, a division of Mc Graw-Hill Companies, Inc. (*Standard & Poor's*); (ii) Fitch Ratings Limited (*Fitch*); and (iii) Moody's Investors Services Limited (*Moody's*). These ratings reflect an assessment of the Government of India's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. Any downgrade in the credit ratings of India, could adversely affect the ability of our Company to raise additional financing and also adversely affect the interest rates and other commercial terms at which such additional financing is available.

4. *Our businesses are dependent on the performance of consumer durable, furnishing and building material market/industry in which such products are used.*

Our consumer products business which includes kitchen appliances such as water heaters, water purifiers, air purifiers, air coolers etc. is dependent on the performance of the consumer durable market in India. Whereas retail business which includes home furniture's, soft furnishings, home décor & accessories etc. and building material business which includes sanitaryware, faucets, pipe and fittings etc. are significantly dependent on rapid urbanization and rising disposable income. The demand for our products is dependent on various socio-economic and other factors beyond our control such as changing government policies and regulation, budgetary allocations, consumer demand and preferences for our products. Any adverse regulatory, socio-economic or other developments affecting the financial capacity of our customers or various industries in which our products are used or our inability to judge customer preferences may adversely affect our business, results of operations and financial condition.

5. *Risk relating to a downturn in the real estate sector.*

In late FY 2007-08 and FY 2008-09, the Indian economy witnessed a downturn due to the global economic breakdown world over. All the major industries, including the real estate sector were worst hit by this breakdown. However, in recent past, stringent measures implemented by the Real Estate (Regulation and Development) Act, 2016 has ensured non-serious players are erased out and only credible developers with a proven track record remain in the market, leading to its consolidation. The demand for affordable and mid-income housing took centre-stage in 2018; and will continue to drive residential housing both in metro and Tier 2 cities. In future, if the real estate industry is affected adversely, it could adversely impact our subsidiary's business and profitability as the major demands for our subsidiary's products are dependent on the growth of the real estate sector in India.

6. *A slowdown in economic growth in the markets in which we operate could cause our business to suffer.*

Our performance and growth are dependent on the health of the economy of the markets in which we operate. The economy could be adversely affected by various factors such as political or regulatory action, social/civil disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the economy of the markets in which we operate may adversely affect our business and financial performance and the price of our Equity Shares.

7. *Extremities of weather, regional conflicts and other political instability may have adverse effects on our operations and financial performance.*

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the business undertaken by us. Our operations and financial results and the market price and liquidity of our Equity Shares may be affected by changes in Indian government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

8. *Financial instability in other countries, particularly countries with emerging markets, could disrupt Indian markets and our business and cause the trading price of the Equity Shares to decrease.*

The Indian financial markets and the Indian economy are influenced by the economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries,



including India. A loss of investor confidence in other financial systems may cause volatility in Indian financial markets, including with respect to the movement of exchange rates and interest rates in India, and, indirectly, in the Indian economy in general. Any such continuing or other significant financial disruption could have an adverse effect on our business, financial results and the trading price of the Equity Shares.

**9. *Any changes in the regulatory framework could adversely affect our operations and growth prospects.***

We are / will be subject to various regulations and policies including Customs, GST, Income Tax, Labour Acts, etc. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that we will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse effect on our business, financial condition and results of operations.

**10. *Terrorist attacks or civil disturbances in India may have a material adverse effect on the Company's business and the trading price of the Equity Shares could decrease.***

India has from time to time experienced instances of social, religious and civil unrest and terrorist attacks. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult, and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and the Company's business, future financial performance, cash flows and market price of the Equity Shares.

**11. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.***

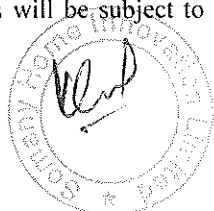
Our Equity Shares shall be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our equity shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion or repatriating outside India, may reduce the net dividend to foreign investors.

**12. *Significant differences exist between Indian GAAP/ Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Information Memorandum.***

The financial statements included in this Information Memorandum are prepared and presented in conformity with Indian GAAP/Ind AS (as applicable) and restated in accordance with the SEBI ICDR Regulations and no attempt has been made to reconcile any of the information given in this Information Memorandum to any other principles or to base it on any other standards. Indian AS differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Indian AS and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian AS contained in this Information Memorandum. Accordingly, the degree to which the financial information included in this Information Memorandum will provide meaningful information is dependent on familiarity with Indian AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian AS on the financial disclosures presented in this Information Memorandum should accordingly be limited.

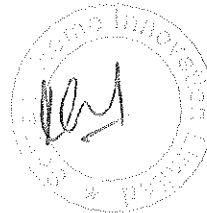
**13. *Investors may be subject to Indian taxes arising out of capital gains on the sale of our equity shares.***

Under current Indian tax laws, capital gains arising from the sale of equity shares within 12 months in an Indian company are generally taxable in India. As provided in the budget for financial year 2018-2019, any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to capital gains tax @10% in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which our equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of our equity





shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our equity shares. The above statements are based on current tax laws.



## SECTION IV- INTRODUCTION

### SUMMARY OF FINANCIAL INFORMATION

Restated consolidated Balance Sheet of the Company for the financial year ended 31 March, 2019 (Post-Scheme) and the consolidated Balance Sheet for the financial year ended 31 March, 2018 are as under:

(Rs. in Lakhs)

		As at 31 March, 2019 Post-Scheme	As at 31 March, 2018
<b>ASSETS</b>			
1	<b>Non-current assets</b>		
	(a) Property, plant and equipment	10,565.22	-
	(b) Capital work-in-progress	406.88	-
	(c) Other intangible assets	230.31	-
	(d) Financial assets		
	(i) Loans	498.16	-
	(e) Deferred tax assets (net)	3,402.58	-
	(f) Other non-current assets	387.40	-
	<b>Total non-current assets</b>	<b>15,490.55</b>	<b>-</b>
2	<b>Current assets</b>		
	(a) Inventories	27,929.42	-
	(b) Financial assets		
	(i) Investments	26.99	8.57
	(ii) Trade receivables	35,631.49	-
	(iii) Cash and cash equivalents	2,175.51	2.32
	(iv) Bank balances other than (iii) above	2.17	-
	(v) Loans	2.68	-
	(vi) Other financial assets	9,768.22	-
	(c) Other current assets	6,534.09	-
	<b>Total current assets</b>	<b>82,070.57</b>	<b>10.89</b>
	<b>Total assets</b>	<b>97,561.12</b>	<b>10.89</b>
<b>EQUITY AND LIABILITIES</b>			
1	<b>Equity</b>		
	(a) Equity share capital	-	10.00
	(b) Share capital suspense account	1,445.93	-
	(c) Other equity	24,217.22	(6.25)
	<b>Total equity</b>	<b>25,663.15</b>	<b>3.75</b>
2	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	5,000.00	-
	(ii) Other financial liabilities	2,752.92	-
	(b) Provisions	492.63	-
	(c) Other non-current liabilities	63.21	-
	<b>Total non-current liabilities</b>	<b>8,308.76</b>	<b>-</b>
	<b>Current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	25,272.00	6.00
	(ii) Trade payables		
	- Due to micro and small enterprise	2,504.62	-
	- Due to others	14,527.13	-
	(iii) Other financial liabilities	13,737.80	0.87
	(b) Other current liabilities	3,013.33	0.27
	(c) Income-tax liabilities (net)	4,283.78	-
	(d) Provisions	250.55	-
	<b>Total current liabilities</b>	<b>63,589.21</b>	<b>7.14</b>
	<b>Total liabilities</b>	<b>71,897.97</b>	<b>7.14</b>
	<b>Total equity and liabilities</b>	<b>97,561.12</b>	<b>10.89</b>



Restated consolidated Statement of Profit and Loss of the Company for the financial year ended 31 March, 2019 (Post-Scheme) and the consolidated Statement of Profit and Loss for the financial year ended 31 March, 2018 are as under:

(Rs. in Lakhs)

Particulars		For the year ended 31 March, 2019 Post-Scheme	For the year ended 31 March, 2018
I	Revenue from operations	1,66,984.56	-
II	Other income	896.49	0.07
III	<b>Total income</b>	<b>1,67,881.05</b>	<b>0.07</b>
IV	<b>Expenses</b>		
	Purchases of stock-in-trade	1,08,959.52	-
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	(571.36)	-
	Employee benefits expense	16,011.93	-
	Finance costs	2,851.69	0.04
	Depreciation and amortisation expense	1,969.15	-
	Other expenses	30,163.36	6.28
	<b>Total expenses</b>	<b>1,59,384.29</b>	<b>6.32</b>
V	<b>Profit before exceptional items and tax</b>	<b>8,496.76</b>	<b>(6.25)</b>
VI	<b>Exceptional items</b>	<b>(15.36)</b>	<b>-</b>
VII	<b>Profit before tax</b>	<b>8,481.40</b>	<b>(6.25)</b>
VIII	<b>Tax expense</b>		
	(1) Current tax	4,283.99	-
	(2) Deferred tax	(1,272.27)	-
	<b>Total tax expense</b>	<b>3,011.72</b>	<b>-</b>
IX	<b>Profit for the year</b>	<b>5,469.68</b>	<b>(6.25)</b>
X	<b>Other comprehensive income</b>		
	(i) Items that will not be reclassified to profit or loss		
	(a) Remeasurements of the defined benefit plan	82.13	-
	(ii) Income-tax relating to these items	(28.68)	-
	(iii) Items that will be reclassified to profit or loss		
	(a) Exchange differences on translation of foreign operations	46.99	
	<b>Other comprehensive income, net of tax</b>	<b>100.44</b>	<b>-</b>
XI	<b>Total comprehensive income for the year</b>	<b>5,570.12</b>	<b>(6.25)</b>
XII	<b>Earnings per equity share (of Rs. 2/- each):</b>		
	Basic and diluted	7.57	(1.25)



Restated consolidated Cash Flow Statement of the Company for the financial year ended 31 March, 2019 (Post-Scheme) and the consolidated Cash Flow Statement for the financial year ended 31 March, 2018 are as under:

(Rs. in Lakhs)

Particulars	Year ended 31 March, 2019 Post-Scheme	Year ended 31 March, 2018
<b>Cash flows from operating activities</b>		
Profit before tax	8,496.76	(6.25)
<b>Adjustments for:</b>		
Finance costs	2,851.69	0.04
Interest income	(13.66)	-
Gain on disposal of property, plant and equipment	(0.56)	-
Loss on disposal of property, plant and equipment	19.86	-
Net (gain) arising on current investments	(1.95)	(0.07)
Sundry balances and liabilities no longer required, written back	(1,109.35)	-
Provision for expected credit/impairment loss	402.17	-
Provision for doubtful advances	37.43	-
Bad debts written off	6.87	-
Depreciation and amortisation expenses	1,969.15	-
	<b>12,658.41</b>	<b>(6.28)</b>
<b>Movements in working capital:</b>		
(Increase)/decrease in trade and other receivables	(18,552.50)	-
(Increase)/decrease in inventories	(571.83)	-
(Increase)/decrease in other assets	(1,419.11)	-
Increase/(decrease) in trade and other liabilities	15,680.43	1.14
Increase/(decrease) in provisions	116.06	-
	<b>(4,746.95)</b>	<b>1.14</b>
<b>Cash generated from operations</b>	<b>7,911.46</b>	<b>(5.14)</b>
Income taxes paid	(0.21)	-
<b>Net cash generated/ (used) by operating activities</b>	<b>7911.25</b>	<b>(5.14)</b>
<b>Cash flows from investing activities:</b>		
Payments to acquire financial assets	-	(8.50)
Proceeds on sale of financial assets	10.24	-
Interest received	16.14	-
Payments for property, plant and equipment	(3,976.83)	-
Proceeds from disposal of property, plant and equipment	119.04	-
Movement in other bank balances	84.89	-
<b>Net cash generated / (used) in investing activities</b>	<b>(3,746.52)</b>	<b>(8.50)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	-	6.00
Movement in short term borrowings (net)	(9,406.96)	-
Proceed from capital issue	-	10.00
Interest paid	(2,853.31)	0.04
<b>Net cash generated / (used) in financing activities</b>	<b>(12,260.27)</b>	<b>15.96</b>
<b>Net increase in cash and cash equivalents:</b>	<b>(8,095.54)</b>	<b>2.32</b>
Cash and cash equivalents on account of demerger	10,268.73	-
Cash and cash equivalents at the beginning of the year	2.32	-
<b>Cash and cash equivalents at the end of the year</b>	<b>2175.51</b>	<b>2.32</b>



Unaudited Consolidated Statement of Assets and Liabilities for the half year ended 30 September 2019

(Rs. in crore)

Particulars		As at 30 September 2019 (Un audited) Post Scheme
<b>A</b>	<b>ASSETS</b>	
<b>1</b>	<b>Non-Current Assets</b>	
	a) Property, plant and equipments	186.58
	b) Capital work in progress	4.70
	c) Other intangible assets	1.79
	d) Financial assets	
	i) Loans	4.39
	e) Deferred tax asset (net)	36.96
	f) Other non-current assets	4.71
	<b>Total Non-Current Assets</b>	<b>239.13</b>
<b>2</b>	<b>Current Assets</b>	
	a) Inventories	279.61
	b) Financial assets	
	i) Investments	0.27
	ii) Trade receivables	362.51
	iii) Cash and cash equivalents	21.54
	iv) Bank balance other than (iii) above	0.10
	v) Loans	0.03
	vi) Other financial assets	153.04
	c) Other current assets	60.38
	<b>Total Current Assets</b>	<b>877.48</b>
	<b>TOTAL ASSETS (A=1+2)</b>	<b>1,116.61</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>	
<b>1</b>	<b>Equity</b>	
	a) Equity share capital	14.46
	b) Other equity	253.98
	<b>Total Equity</b>	<b>268.44</b>
<b>2</b>	<b>Non-Current Liabilities</b>	
	a) Financial liabilities	
	i) Borrowings	48.75
	ii) Other financial liabilities	92.62
	b) Provisions	4.72
	c) Other non-current liabilities	0.52
	<b>Total Non-Current Liabilities</b>	<b>146.61</b>
<b>3</b>	<b>Current Liabilities</b>	
	a) Financial liabilities	
	i) Borrowings	197.54
	ii) Trade payables	
	- Due to micro and small enterprise	30.13
	- Due to others	219.72
	iii) Other financial liabilities	216.81
	b) Other current liabilities	20.34
	c) Income tax liabilities	13.82
	d) Provisions	3.20
	<b>Total Current Liabilities</b>	<b>701.56</b>
	<b>Total Liabilities (2+3)</b>	<b>848.17</b>
	<b>TOTAL EQUITY AND LIABILITIES (B=1+2+3)</b>	<b>1,116.61</b>



Unaudited Consolidated Statement of Profit & Loss for the quarter and half year ended 30 September 2019

(Rs. in crore)

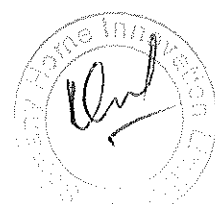
	Particulars	3 months ended 30 September 2019 (Unaudited)	3 months ended 30 June 2019 (Unaudited)	Year to date figures for the current period ended 30 September 2019 (Unaudited)
		Post Scheme	Post Scheme	Post Scheme
I	Revenue from operations	425.58	377.95	803.53
II	Other income	1.47	3.75	5.22
III	<b>Total income (I+II)</b>	<b>427.05</b>	<b>381.70</b>	<b>808.75</b>
IV	<b>Expenses</b>			
	a) Purchases of stock-in-trades	306.11	236.18	542.29
	b) Changes in inventories of finished goods, stock-in-trade and work-in-progress	(17.69)	17.37	(0.32)
	c) Employee benefits expense	40.76	39.38	80.14
	d) Finance cost	7.46	7.95	15.41
	e) Depreciation and amortization expense	11.57	8.81	20.38
	f) Other expenses	69.81	63.59	133.40
	<b>Total expenses (IV)</b>	<b>418.02</b>	<b>373.28</b>	<b>791.30</b>
V	<b>Profit before exceptional items and tax (III-IV)</b>	<b>9.03</b>	<b>8.42</b>	<b>17.45</b>
VI	<b>Exceptional item</b>	-	-	-
VII	<b>Profit before tax</b>	<b>9.03</b>	<b>8.42</b>	<b>17.45</b>
VIII	<b>Tax expense</b>			
	a) Current tax	3.07	5.90	8.97
	b) Deferred tax charge/(benefit)	0.01	(3.06)	(3.05)
	<b>Tax expenses (VIII)</b>	<b>3.08</b>	<b>2.84</b>	<b>5.92</b>
IX	<b>Profit for the period (VII - VIII)</b>	<b>5.95</b>	<b>5.58</b>	<b>11.53</b>
X	<b>Other comprehensive income (net of tax)</b>			
	(A)(i) Items that will not be reclassified to profit or loss	0.41	-	0.41
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.12)	-	(0.12)
	Exchange difference on translation of foreign operations	(0.01)	-	(0.01)
	<b>Total other comprehensive income (X)</b>	<b>0.28</b>	<b>-</b>	<b>0.28</b>
XI	<b>Total comprehensive income for the period (IX+X)</b>	<b>6.23</b>	<b>5.58</b>	<b>11.81</b>
XII	<b>Earnings before interest, depreciation, tax and amortization (EBIDTA) [V+IV (e)+IV(f)]</b>	<b>28.06</b>	<b>25.18</b>	<b>53.24</b>
XIII	<b>Paid-up equity share capital (face value Rs.2/- per share) (Refer Note 2)</b>	<b>14.46</b>	-	<b>14.46</b>
XIV	<b>Other equity (excluding revaluation reserve)</b>	-	-	-
XV	<b>Earnings per share : (of Rs. 2/- each )</b>			
	(a) Basic (Rs.)	0.82	0.77	1.59
	(b) Diluted (Rs.)	0.82	0.77	1.59



Unaudited Consolidated Cashflow Statement for the half year ended 30 September 2019

(Rs. in crore)

Particulars	As at 30 September 2019 (Post Scheme) (Unaudited)
<b>Cash flows from operating activities</b>	
Profit before tax	17.45
<b>Adjustments for:</b>	
Finance costs	15.41
Interest income	(0.05)
Gain on disposal of property, plant and equipment	(0.02)
Loss on disposal of property, plant and equipment	0.23
Net (gain) arising on current investments	(0.01)
Sundry balances and liabilities no longer required, written back	(0.17)
Provision for expected credit/impairment loss	3.20
Bad debts written off	0.23
Depreciation and amortisation expenses	20.38
	<b>56.65</b>
<b>Movements in working capital:</b>	
(Increase)/decrease in trade and other receivables	(64.40)
(Increase)/decrease in inventories	(0.32)
(Increase)/decrease in other assets	4.92
Increase/(decrease) in trade and other liabilities	133.16
Increase/(decrease) in provisions	0.90
	74.26
<b>Cash generated from operations</b>	<b>130.91</b>
Income taxes paid	(38.00)
<b>Net cash generated by operating activities</b>	<b>92.91</b>
<b>Cash flows from investing activities:</b>	
Payments to acquire financial assets	-
Proceeds from sale of financial assets	0.01
Interest received	0.04
Payments for property, plant and equipment	(14.89)
Proceeds from disposal of property, plant and equipment	0.17
Movement in other bank balances	(0.08)
<b>Net cash used in investing activities</b>	<b>(14.75)</b>
<b>Cash flows from financing activities:</b>	
Movement in short term borrowings (net)	(55.18)
Payment of lease liabilities	(9.66)
Interest paid	(13.54)
<b>Net cash used in financing activities</b>	<b>(78.38)</b>
<b>Net increase in cash and cash equivalents:</b>	<b>(0.22)</b>
<b>Cash and cash equivalents at the beginning of the year (post demerger)</b>	<b>21.76</b>
Cash and cash equivalents at the beginning of the year	-
<b>Cash and cash equivalents at the end of the year</b>	<b>21.54</b>



## GENERAL INFORMATION

Somany Home Innovation Limited was incorporated on 28 September, 2017, under the Companies Act, 2013, in the State of West Bengal. The CIN of the Company is U74999WB2017PLC222970. For further details, please refer to section titled “History and Certain Corporate Matters” on page 70 of this Information Memorandum.

### Registered Office

2, Red Cross Place, Kolkata,  
West Bengal, India – 700001  
Tel.: +91-33-22487407/5668

### Registrar of Companies

Registrar of Companies, West Bengal  
Nizam Palace, 2<sup>nd</sup>, MSO Building,  
2nd Floor, 234/4, A.J.C.B. Road  
Kolkata - 700020  
Phone: +91-33-22877390  
Fax +91-33-22903795

### Board of Directors of our Company

Sr. No.	Name	Address	DIN	Designation
1.	Mr. Sandip Somany	13, Golf Links, Lodhi Road, New Delhi - 110003	00053597	Chairman (Non-executive Non-Independent Director)
2.	Mr. Rakesh Kaul	A-201, Hamilton Heights, Palla Sarai Road, Near Kanishka Towar, Sector-37, Amarnagar, Faridabad, Haryana - 121003	08560772	Additional Director (Whole Time Director & CEO)
3.	Mrs. Sumita Somany	13, Golf Links, Lodhi Road, New Delhi - 110003	00133612	Additional Director (Non-executive Non-Independent Director)
4.	Mr. Nand Gopal Khaitan	3, Queens Park, Kolkata-700019	00020588	Additional Director (Independent Director)
5.	Mr. Ashok Jaipuria	1/27, Shanti Niketan, Moti Bagh, Chanakya Puri, New Delhi- 110021	00214707	Additional Director (Independent Director)
6.	Mr. Salil Kumar Bhandari	A- 42 Ground Floor, Chittranjan Park, New Delhi -110019	00017566	Additional Director (Independent Director)

For details of our Directors, please refer to section titled “Our Management” on page 81 of the Information Memorandum.

### Company Secretary & Compliance Officer

Ms. Payal M Puri  
Company Secretary & Compliance Officer  
301-302, 3<sup>rd</sup> Floor, Park Centra, Sector 30, NH-8,  
Gurugram - 122001  
Tel.: +91-124-4779200  
Email: payal@hindware.co.in

### Chief Financial Officer

Mr. Naveen Malik  
Chief Financial Officer  
301-302, 3<sup>rd</sup> Floor, Park Centra, Sector 30, NH-8,  
Gurugram - 122001  
Tel.: +91-124-4779200  
Email: naveenmalik@hindware.co.in

### Registrar and Share Transfer Agent

Maheshwari Datamatics Private Limited  
SEBI Regn. No.: INR000000353  
5th floor, 23, R.N. Mukherjee Road, Kolkata - 700001  
Tel: +91-33-22482248/22435029;  
Fax: +91-33-22484787  
Email: mdpldc@yahoo.com  
Website: www.mdpl.in  
Contact Person: Mr. S Rajagopal





**Bankers to our Company**

Axis Bank Ltd.

Axis House, Plot No. 114, Tower 1, 4th Floor,

Sector - 128, Noida 201304

Tel: 91-120-6210029

Email: vishal.mehra@axisbank.com

Citibank NA

9th Floor, DLF Square Building, Jacaranda Marg,

'M' Block, DLF City Phase II, NH-8, Gurugram -122 002, Haryana

Tel: 91- 124-4186933

Email: varun.singla@citi.com

HDFC Bank Limited

HDFC Bank House

Vatika Atrium, Golf Course Road,

Sec. 53, Gurugram-122001, Haryana,

Tel: 91- 124-4664366

Email: sharad.goenka@hdfcbank.com

Standard Chartered Bank

3rd Floor, Building # 7A,

DLF Building, DLF Cyber City,

Sector 24, 25 & 25A,

Gurugram-122002, Haryana

Tel: 91- 124-4876191

Email: Namrata-Sawhney.Arora@sc.com

The Federal Bank Ltd.

B-247, Upper Ground Floor, Supermart-1,

DLF Phase-IV, Gurugram - 122002, Haryana

Tel: 91- 11-26416469

Email: kapilb@federalbank.co.in

The Hongkong & Shanghai Banking Corporation Limited

Institutional Plot No. 68,

Sector – 44, Gurugram-122002, Haryana,

Tel: 91- 124-4762102

Email: shiladityagangopadhyay@hsbc.co.in

**Statutory Auditors to our Company**

Lodha & Co., Chartered Accountants

12, Bhagat Singh Marg, New Delhi -110001

Tel: +91-11-23710176-77/43724462

Email: delhi@lodhaco.com

Firm Reg. No.: 301051E

Peer Review Certificate No.: 010842

**Details of the Legal Advisor**

AZB & Partners

Address: A-8, Amaltash Marg, Block A,

Sector 4, Noida, Uttar Pradesh - 201301

Tel: +91-120-4179999

Email: delhi@azbpartners.com



### **Authority of Listing**

The Hon'ble National Company Law Tribunal, Kolkata Bench vide its order dated 26 June, 2019 (certified copy received by the Company on 24 July, 2019) had approved the Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors for (i) Demerger of the CPDM Undertaking and the Retail Undertaking from HSIL Limited (Demerged Company) and transfer and vesting of each of them, as a going concern, to Somany Home Innovation Limited (Resulting Company 1) and (ii) Demerger of the BPDM Undertaking from HSIL Limited (Demerged Company) and transfer and vesting of the same, as a going concern, to Brilloca Limited (Resulting Company 2) under sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013. For more details relating to the Scheme, please refer to section titled "*Scheme of Arrangement*" on page 75 of this Information Memorandum. The equity shares of our Company issued pursuant to the Scheme shall be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is subject to fulfillment by the Company of the criteria prescribed by BSE and NSE and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of application by our Company seeking listing. Our Company has received in-principle approval from BSE and NSE in relation to listing of Equity Shares issued pursuant to the Composite Scheme of Arrangement vide their letter no. DCS/AMAL/SD/IP/1628/2019-20 dated 13 December, 2019 and NSE/LIST/15 dated 11 October, 2019 respectively.

### **Eligibility Criteria**

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter II and III of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 are not applicable; however, SEBI vide its circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended from time to time, if any, has subject to certain conditions permitted unlisted issuer companies to make an application for relaxing from the strict enforcement of Rule 19 (2) (b) of SCRR, as amended. Our Company has submitted this Information Memorandum along with application for relaxation from the strict enforcement of Rule 19 (2) (b) of SCRR, containing information about itself, making disclosure in line with the disclosure requirement for public issues as applicable to BSE and NSE for making the said Information Memorandum available to public through websites viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). Our Company has made the said Information Memorandum available on its website [www.shilgroup.com](http://www.shilgroup.com). Our Company will publish an advertisement in the newspapers containing details as per the above mentioned circular. The advertisement will draw specific reference to the availability of this Information Memorandum on its website.

### **Prohibition by SEBI**

The Company, its directors, its promoters and promoter group, other companies promoted by the promoters and companies with which the Company's directors are associated as director have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

Further, none of the directors of the Company are associated with the securities market in any manner, and SEBI has not initiated any action against any entity, with whom the directors of the Company are associated.

### **General Disclaimer from the Company**

The Company accepts no responsibility for statements made otherwise than in this Information Memorandum or in the advertisements published in terms of SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended from time to time, if any, or any other material issued by or at the instance of the Company. Anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.



## CAPITAL STRUCTURE

### 1. The details of the capital structure of our Company is as follows:

Pre-scheme capital structure of our Company:

<b>Authorised Share Capital</b>	<b>Amount (Rs. in lakhs)</b>
7,50,00,000 Equity Shares of Rs. 2/- each	1,500.00
<b>Total</b>	1,500.00
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Amount (Rs. in lakhs)</b>
5,00,000 Equity Shares of Rs. 2/- each	10.00
<b>Total</b>	10.00

Post-scheme capital structure of our Company:

<b>Authorised Share Capital</b>	<b>Amount (Rs. in lakhs)</b>
7,50,00,000 Equity Shares of Rs. 2/- each	1,500.00
<b>Total</b>	1,500.00
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Amount (Rs. in lakhs)</b>
7,22,96,395 Equity Shares of Rs. 2/- each	1,445.93
<b>Total</b>	1,445.93

The initial Authorised Share Capital of the Company at the time of incorporation was Rs.1,00,00,000/- (Rupees One Crore only) consisting of 50,00,000 (Fifty lakh) equity shares of Rs. 2/- (Rupees Two only) each, which was increased to Rs. 15,00,00,000 (Rupees Fifteen Crore only) consisting of 7,50,00,000 (Seven Crore Fifty lakhs) equity shares of Rs. 2/- (Rupees Two only) each on 30 November, 2018 vide special resolution passed by the shareholders of the Company in its Extra-ordinary General Meeting.

The initial Issued, Subscribed & Paid up Share Capital was Rs. 10,00,000/- (Rupees Ten Lakhs only) consisting of 5,00,000 (Five lakhs) equity shares of Rs. 2/- (Rupees Two only) each, which was subscribed by HSIL Limited and its nominees, stands cancelled with issuance of new equity shares by the Company pursuant to the Scheme of Arrangement.

### 2. Equity Share Capital History

Date of Allotment	No. of Shares	Face Value (in Rs.)	Premium (in Rs.)	Cumulative No. of Share	Cumulative Paid-up Capital (Rs.)	Nature of Consideration
28 September, 2017*	5,00,000 (5,00,000)*	2	-	5,00,000	10,00,000	Subscription to the Memorandum of Association
23 August, 2019*	7,22,96,395	2	-	7,22,96,395	14,45,92,790	Allotment of shares in the ratio of 1:1, pursuant to the Scheme

\*Before the Scheme becoming effective, 100% shareholder of our Company was HSIL Limited and its nominees and were issued 5,00,000 equity shares of Rs. 2/- each on 28 September 2017. Pursuant to the Scheme becoming effective, these 5,00,000 equity shares of Rs. 2/- each held by HSIL Limited and its nominees stands cancelled, and the shareholders of HSIL Limited as on the Record Date i.e. 20 August, 2019 have been allotted one equity share in the Company for each equity share held in HSIL Limited. As a result of this, the Promoters and Promoter Group of HSIL Limited who are now the Promoters and Promoter Group of our Company, were allotted total 3,56,72,819 equity shares of Rs. 2/- each in the Company comprising 49.34% in the equity capital of our Company.



3. Shareholding pattern of the Company as per SEBI (LODR) Regulations is as follows:

The table below presents our shareholding pattern before the Scheme:

SOMANY HOME INNOVATION LIMITED

Table I - Summary Statement holding of specified securities

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) + (VI) + (V)	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 diluted share capital) (XI) = (VII) - (X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								Class egx	Class eg y	Total			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(A)	Promoter & Promoter group	7	500000	0	0	0	100.0000	0	0	0	100.0000	0	0	0.0000	0	0.0000	0
(B)	Public	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0	0.0000	NA	NA	0
(C)	Non Promoter - Non Public																
(C1)	Shares underlying DRs																
(C2)	Shares held by Employee Trusts																
	Total	7	500000	0	0	0	100.0000	0	0	0	100.0000	0	0	0.0000	NA	0.0000	0



ISOMANY HOME INNOVATION LIMITED																
Table II - Statement Showing shareholding pattern of the Promoter and Promoter Group																
Category & Name of the Shareholders (I)	PAN (II)	Nos. of sharehold-ers (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII)= (IV)+(V)+(VI)	Sharehold-ing % calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No of shares Underlying convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)	Number of equity shares held in dematerialized form (XIV)
								Class	x	Total			No. (a)	As a % of total shares held (b)		
(1)	Indian Individuals/Hindu undivided Family		6	6	0	0	6	0.0100	6	0	0.0100	0	0.0000	0	0.0000	0
	SANDIP SOMANY*	AIYPS6270N	1	1	0	0	1	0.0000	1	0	0.0000	0	0.0000	0	0.0000	0
	NIRANJAN KUMAR GOENKA*	ADPPG9043F	1	1	0	0	1	0.0000	1	0	0.0000	0	0.0000	0	0.0000	0
	G. L. SULTANA*	AOTPS8376L	1	1	0	0	1	0.0000	1	0	0.0000	0	0.0000	0	0.0000	0
	AJAY KUMAR DOKANIA*	ADOPD5939N	1	1	0	0	1	0.0000	1	0	0.0000	0	0.0000	0	0.0000	0
	MANOJ KUMAR AGARWAL*	ACTFA6636K	1	1	0	0	1	0.0000	1	0	0.0000	0	0.0000	0	0.0000	0
	RAVI KEDIA*	AILPK8868B	1	1	0	0	1	0.0000	1	0	0.0000	0	0.0000	0	0.0000	0
(b)	Central Government/State Government(s)															
(c)	Financial Institutions/Banks															
(d)	Any Other (specify)															
	Bodies Corporate		1	499994	0	0	499994	99.9900	499994	0	499994	99.9900	0	0.0000	0	0.0000
	HSIL LIMITED		1	499994	0	0	499994	99.9900	499994	0	499994	99.9900	0	0.0000	0	0.0000
	Sub Total		7	500000	0	0	500000	100.0000	500000	0	500000	100.0000	0	0.0000	0	0.0000
(2)	Foreign Individuals (Non-Resident Individuals/Foreign Individuals)															
(a)	Government															
(b)	Institutions															
(c)	Foreign Portfolio Investor															
(d)	Any Other (specify)															
	Sub Total		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0	0.0000	0
	Total Shareholding of Promoter and Promoter Group (A) = (A1)+(A1)(2)		7	500000	0	0	500000	100.0000	500000	0	500000	100.0000	0	0.0000	0	0.0000
	* Nominees of HSIL Limited															



SOMANY HOME INNOVATION LIMITED															
Table III - Statement Showing shareholding pattern of the Public shareholder															
Category & Name of the Shareholders (I)	Nos. of sharehold ers (II)	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)	Sharehold ing % calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			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 dematerial ized form (XIV)
							Class x	No of Voting Rights	Class y Total			No. (a)	As a % of total shares held (b)		
(1)	Institutions														
(a)	Mutual Funds / UTI	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
(b)	Venture Capital Funds														
(c)	Alternate Investment Funds	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
(d)	Foreign Venture Capital Investors														
(e)	Foreign Portfolio Investors	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
(f)	Financial Institutions / Banks	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
(g)	Insurance Companies	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
(h)	Provident Funds / Pension Funds														
(i)	Any Other (specify)														
(2)	Sub Total	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
	Central Government / State Government(s) / President of India														
(3)	Non-Institutions														
(a)	Individuals														
	i. Individual shareholders holding normal share capital upto Rs.2 lakhs	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
	ii. Individual shareholders holding normal share capital in excess of Rs.2 lakhs	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
(b)	NBFCs registered with RBI	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
(c)	Employee Trusts														
(d)	Overseas Depositories (holding DRs) (balancing figure)														
(e)	Any Other (specify)														
	Bodies Corporate	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
	Clearing Member	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
	Non Resident Individual	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
	Trusts	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
	Sub Total	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0
	Total Public Shareholding (B)= (B(1)+(B(2)+(B(3)	0	0	0	0	0.0000		0	0	0.0000	0	0.0000	NA	0	0



The tables below present our shareholding pattern after allotment pursuant to the Scheme (as on 06 December, 2019):

SOMANY HOME INNOVATION LIMITED

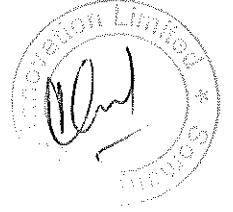
Table I - Summary Statement holding of specified securities as on 06/12/2019

Category of shareholder (I)	Nos. of shareholdrs (II)	No. of fully paid up equity shares held (IV)	No. of Party paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV) + (VI) + (VII)	Shareholding as a % of total no. of shares (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)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VI) + (X) as a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
							Class egx	No of Voting Rights	Total			As a % of total shares held (b)	No (a)	As a % of total shares held (b)	No (a)	
(A) Promoter & Promoter group	7	35672819	0	0	35672819	49.3425	35672819	0	35672819	49.3425	49.3425	0	0	0	0	35672819
(B) Public	31682	36623576	0	0	36623576	50.6575	36623576	0	36623576	50.6575	50.6575	0	0	NA	NA	36623576
(C) Non Promoter - Non Public														NA	NA	
(C1) Shares underlying DRs						NA								NA	NA	
(C2) Shares held by Employee Trusts														NA	NA	
Total	31690	72296395	0	0	72296395	100.0000	72296395	0	72296395	100.0000	100.0000	0	0			72296395





SOMANY HOME INNOVATION LIMITED																		
Table II - Statement Showing shareholding pattern of the Promoter and Promoter Group as on 06/12/2019																		
	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)				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 equity shares held in dematerialized form (XIV)		
									No of Voting Rights					Total as a % of Total Voting Rights (X)	As a % of total shares held (b)		No. (a)	pledged or otherwise encumbered (XIII)
									Class	x	Class y	Total						
(1)	Indian																	
(a)	Individuals/Hindu undivided Family		5	6077719	0	0	6077719	8.4087	6077719	0	6077719	8.4087	0	0.0000	0	0.0000	6077719	
	RAJENDRA KUMAR SOMANY	AIYP58274J	1	3410000	0	0	3410000	4.7167	3410000	0	3410000	4.7167	0	0.0000	0	0.0000	3410000	
	SANDIP SOMANY	AIYP59270N	1	2283563	0	0	2283563	3.1588	2283563	0	2283563	3.1588	0	0.0000	0	0.0000	2283563	
	SUNITA SOMANY	ALMPS0475L	1	181000	0	0	181000	0.2227	181000	0	181000	0.2227	0	0.0000	0	0.0000	181000	
	DIVYA SOMANY	ALMPS4000B	1	148912	0	0	148912	0.2032	148912	0	148912	0.2032	0	0.0000	0	0.0000	148912	
	SHASHVAT SOMANY	ENCPS4605E	1	76244	0	0	76244	0.1055	76244	0	76244	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		2	29595100	0	0	29595100	40.8358	29595100	0	29595100	40.8358	0	0.0000	0	0.0000	29595100	
	PAGO EXPORTS LIMITED	AABCP7783K	1	29595000	0	0	29595000	40.8357	29595000	0	29595000	40.8357	0	0.0000	0	0.0000	29595000	
	MATTERHORN TRUST	AAETH8780B	1	100	0	0	100	0.0001	100	0	100	0.0001	0	0.0000	0	0.0000	100	
	Sub Total		7	35672819	0	0	35672819	49.3425	35672819	0	35672819	49.3425	0	0.0000	0	0.0000	35672819	
(2)	Foreign																	
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)																	
(b)	Government																	
(c)	Institutions																	
(d)	Foreign Portfolio Investor																	
(e)	Any Other (specify)																	
	Sub Total		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	
	Total Shareholding of Promoter and Promoter Group (A)=(A1)+(A2)		7	35672819	0	0	35672819	49.3425	35672819	0	35672819	49.3425	0	0.0000	0	0.0000	35672819	



SOMANY HOME INNOVATION LIMITED																	
Table III - Statement Showing shareholding pattern of the Public shareholder as on 08/12/2018																	
	Category & Name of the Shareholders (I)	PAN (II)	Nos. of sharehold ers (III)	No. of fully paid up equity shares held (IV)	Party paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII)=(IV)+(V)+(VI)	Sharehol ding % calculate d as per SCRR, 1987) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (X)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)	Number of equity shares held in dematerial ized form (XIV)	
									No of Voting Rights				No. (a)	As a % of total shares held (b)			No. (Not applic able) (a)
									Class x	Class y	Total						
(1)	Institutions																
(a)	Mutual Funds / UTI		5	12687667	0	0	12687667	17.5496	12687667	0	12687667	17.5496	0	0.0000	NA	12687667	
	HDFC TRUSTEE CO LTD A/C																
	HDFC HOUSING																
	OPPORTUNITIES FUND-1140D																
	NOVEMBER 2017 (1)	AAAATH1809A	2	4829810	0	0	4829810	6.6903	4829810	0	4829810	6.6903	0	0.0000	NA	4829810	
	SUNDARAM MUTUAL FUND A/C																
	CAP - SERIES 1	AAATS2554B	18	3718461	0	0	3718461	5.1434	3718461	0	3718461	5.1434	0	0.0000	NA	3718461	
	RELIANCE CAPITAL TRUSTEE																
	CO LTD-A/C NIPPON INDIA																
	CAPITAL BUILDER FUND IV -																
	SERIE	AAATR0060B	3	2695240	0	0	2695240	4.0600	2695240	0	2695240	4.0600	0	0.0000	NA	2695240	
	ADITYA BIRLA SUN LIFE																
	TRUSTEE PRIVATE LIMITED A/C																
	ADITYA BIRLA SUN LIFE																
	MANUFACT	AAATB0102C	2	1027078	0	0	1027078	1.4206	1027078	0	1027078	1.4206	0	0.0000	NA	1027078	
(b)	Venture Capital Funds																
(c)	Alternate Investment Funds		3	2323001	0	0	2323001	3.2132	2323001	0	2323001	3.2132	0	0.0000	NA	2323001	
	ABAKKUS GROWTH FUND-1	AAGTA8549L	1	1670000	0	0	1670000	2.3099	1670000	0	1670000	2.3099	0	0.0000	NA	1670000	
(d)	Foreign Venture Capital Investors																
(e)	Foreign Portfolio Investors		40	2797718	0	0	2797718	3.8698	2797718	0	2797718	3.8698	0	0.0000	NA	2797718	
(f)	Financial Institutions / Banks		4	161823	0	0	161823	0.2238	161823	0	161823	0.2238	0	0.0000	NA	161823	
(g)	Insurance Companies																
(h)	Provident Funds / Pension Funds																
(i)	Any Other (specify)																
	Sub Total		52	17670239	0	0	17670239	24.8563	17670239	0	17670239	24.8563	0	0.0000	NA	17670239	



SOMARY HOME INNOVATION LIMITED														
Table III - Statement Showing shareholding pattern of the Public shareholder as on 08/12/2019														
Category & Name of the Shareholders (I)	PAN (II)	Nos. of sharehold-ers (III)	No. of fully paid up equity shares held (IV)	Party paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII)= (IV)+ (VI)	Sharehold-ing % calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)	Number of shares pledged or otherwise encumbered (XIII)
								No. of Voting Rights			No. of shares underlying convertible securities (including Warrants) (X)			
								Class x	Class y	Total				
Central Government / State Governments) / President of India														
(2)														
(3)														
(3)														
i. Individual shareholders holding nominal share capital upto Rs. 2 lakhs		26841	10737339	0	0	10737339	14.8518	10737339	0	10737339	14.8518	0	0.0000	NA
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs		5	1898913	0	0	1898913	2.7683	1898913	0	1898913	2.7683	0	0.0000	NA
MANAV GUPTA	AHHPG8509N	1	1157644	0	0	1157644	1.8012	1157644	0	1157644	1.8012	0	0.0000	NA
(b) NBFCs registered with RBI		4	170181	0	0	170181	0.2354	170181	0	170181	0.2354	0	0.0000	NA
(c) Employee Trusts														
Overseas Depositories (holding DRs) (balancing figure)														
(d) Any Other (specify)														
Investor Education and Protection Fund Authority		1	243172	0	0	243172	0.3384	243172	0	243172	0.3384	0	0.0000	NA
Bodies Corporate		339	2518472	0	0	2518472	3.4835	2518472	0	2518472	3.4835	0	0.0000	NA
FAIRING CAPITAL INDIA EVOLVING FUND	AAATF3216E	1	750000	0	0	750000	1.0374	750000	0	750000	1.0374	0	0.0000	NA
Cleaning Member		75	723548	0	0	723548	1.0008	723548	0	723548	1.0008	0	0.0000	NA
Non Resident Individual		1370	1577623	0	0	1577623	2.1822	1577623	0	1577623	2.1822	0	0.0000	NA
Domestic Corporate Undeclared Shares Account		1	882022	0	0	882022	0.9434	882022	0	882022	0.9434	0	0.0000	NA
Trusts		3	850	0	0	850	0.0012	850	0	850	0.0012	0	0.0000	NA
Foreign National		1	207	0	0	207	0.0003	207	0	207	0.0003	0	0.0000	NA
Sub Total		31840	18653337	0	0	18653337	25.8012	18653337	0	18653337	25.8012	0	0.0000	NA
Total Public Shareholding (B)=(IX)+(X)+(XIV)(3)		31862	36823576	0	0	36823576	50.8575	36823576	0	36823576	50.8575	0	0.0000	NA





4. **List of the shareholders of the Company holding 1% or more of the paid up share capital / aggregating to 80% or more of the paid up share capital of our Company:**

**Two Years prior to date of this Information Memorandum**

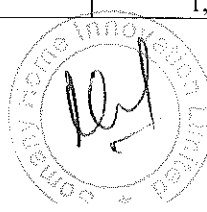
Our Company was incorporated on 28 September, 2017, HSIL Limited held 100% of our Equity Shares (including six Equity Shares held by six individuals as nominees of HSIL Limited), two years prior to the date of this Information Memorandum .

**One Year prior to the date of this Information Memorandum**

HSIL Limited held 100% of our Equity Shares (including six Equity Shares held by six individuals as nominees of HSIL Limited), one year prior to the date of this Information Memorandum.

**10 days prior to the date of this Information Memorandum and as on date of this Information Memorandum:**

S. No.	Name of the Shareholder	No. of Equity Shares held	% of Total Capital
1.	Paco Exports Limited	2,95,95,000	40.94
2.	HDFC Trustee Co Ltd A/C HDFC Housing Opportunities Fund-1140d November 2017 (1)	48,29,610	6.68
3.	Sundaram Mutual Fund A/C Sundaram Emerging Small Cap - Series I	37,18,461	5.14
4.	Rajendra Kumar Somany	34,10,000	4.72
5.	Reliance Capital Trustee Co Ltd-A/C Reliance Capital Builder Fund 4 SR C	29,35,240	4.06
6.	Sandip Somany	22,83,563	3.16
7.	Abakkus Growth Fund-I	16,70,000	2.31
8.	Manav Gupta	11,57,644	1.60
9.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Manufact	10,27,078	1.42
10.	Faering Capital India Evolving Fund	7,50,000	1.04
11.	Somany Home Innovation – Unclaimed Suspense Account	6,82,022	0.94
12.	Dimensional Emerging Markets Value Fund	4,60,561	0.64
13.	Puneet Bhatia	4,18,269	0.58
14.	India Insight Value Fund	4,11,000	0.57
15.	Mauryan First	4,03,001	0.56
16.	Sundaram India Midcap Fund	3,83,031	0.53
17.	Deutsche Bank A.G.	3,60,000	0.50
18.	Emerging Markets Core Equity Portfolio (The Portfolio) Of Dfa Investment Dimensi	3,23,214	0.45
19.	Abakkus Emerging Opportunities Fund-1	2,50,000	0.35
20.	Investor Education And Protection Fund Authority Ministry Of Corporate Affairs	2,43,172	0.34
21.	The Emerging Markets Small Cap Series Of The Dfa Investment Trust Company	2,30,605	0.32
22.	The New Great Eastern Spinning And Weaving Company Limit	2,00,242	0.28
23.	Samsung India Small And Mid Cap Focus Securities Master Investment Trust(Equity)	2,00,000	0.28
24.	Mukul Mahavir Agrawal	2,00,000	0.28
25.	Standard Chartered Bank	1,84,946	0.26
26.	ICICI Prudential Smallcap Fund	1,77,308	0.25
27.	Dhoot Industrial Finance Limited	1,75,000	0.24
28.	Infina Finance Private Ltd	1,67,631	0.23
29.	Fe Securities Pvt	1,65,000	0.23
30.	Sumita Somany	1,61,000	0.22



31.	National Insurance Company Ltd	1,59,859	0.22
32.	Divya Somany	1,46,912	0.20
33.	Fiducian India Fund	1,46,172	0.20
34.	Nomura Singapore Limited	1,23,945	0.17
35.	Nitin Tandon	1,20,000	0.17
	<b>Total</b>	<b>5,78,69,486</b>	<b>80.04</b>

5. Other than the allotment of Equity Shares to the Eligible Shareholders of HSIL Limited on 23 August, 2019 pursuant to the Scheme, our Company has not allotted any Equity Shares for consideration other than cash or out of revaluation reserves. Further our Company has not made a bonus issue since its incorporation.
6. As on date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
7. There shall be no further issue of capital by our Company whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner within a period of six months from the date of approval of the Scheme.
8. **Capital Buildup of Promoters**

Our Promoters, Dr. Rajendra Kumar Somany and Mr. Sandip Somany, have acquired shares in our Company pursuant to the allotment of Equity Shares under the Scheme as an eligible shareholders on 20 August, 2019. The details of their shareholding are set forth below:

Name of Promoter	Number of Shares	% of total shares of the company
Dr. Rajendra Kumar Somany	34,10,000	4.72
Mr. Sandip Somany	22,83,563	3.16

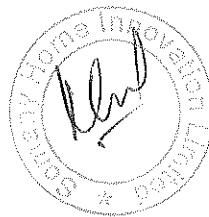
9. Total number of shareholders of the Company as on the date of this Information Memorandum are: 31,699
10. Details of holding of members of our Promoter Group:

S. No.	Shareholders Name	Category	No. of shares	% of total shares of the company
1.	Dr. Rajendra Kumar Somany	Promoter	34,10,000	4.72
2.	Mr. Sandip Somany	Promoter	22,83,563	3.16
3.	Ms. Sumita Somany	Promoter Group	1,61,000	0.22
4.	Ms. Divya Somany	Promoter Group	1,46,912	0.20
5.	Mr. Shashvat Somany	Promoter Group	76,244	0.11
6.	Paco Exports Ltd.	Promoter Group	2,95,95,000	40.94
7.	Matterhorn Trust	Promoter Group	100	0.00
	<b>Total</b>		<b>3,56,72,819</b>	<b>49.34</b>

11. Except for allotment of Equity Shares pursuant to the Scheme vide NCLT order dated June 26, 2019 received by the Company on July 24, 2019, no Equity Shares of our Company have been purchased or sold by the Promoter Group and/or by the directors of our Promoter Group and by the directors of our Company and their relatives in the preceding six months from the date of this Information Memorandum.
12. There are/have been no financing arrangements whereby our Promoters, members of our Promoter Group, the directors of our Promoter Group, the directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the six months immediately preceding the date of this Information Memorandum.
13. At present, our Company does not have any Employee Stock Option Scheme.



14. Our Company, our Promoters, members of our Promoter Group and our Directors have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company.
15. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.



## STATEMENT OF TAX BENEFITS

**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

Date: 25<sup>th</sup> September 2019

### STATEMENT OF TAX BENEFITS

To,

The Board of Directors

Somany Home Innovation Limited

2, Red Cross Place, Kolkata.

West Bengal, India - 700001

**Sub: Statement of Tax Benefits to the Company and its shareholders under Income Tax Act, 1961**

#### Introduction

1. This Certificate is issued in relation to the Information Memorandum, to be issued in connection with the proposed listing of 7,22,96,395 equity shares of face value of INR 2/- each of the Company.
2. The accompanying Statement of Possible Tax Benefits (the "Statement") available to the Company and its shareholders under the Income Tax Act, 1961 (read with Income Tax Rules, Circulars, notifications) as amended by Finance Act 2019 (i.e. applicable for the financial year 2019-20, relevant to the assessment year 2020-21) presently in force in India, in "Annexure A" has been prepared by the Company, pursuant to the requirement for incorporation in Information Memorandum. We have initialled the Statement for identification purposes only.

#### Management's Responsibility for the Statement

3. The accompanying Statement, is solely the responsibility of the Management of the Company. The said Statement has been compiled by the Management based on the provisions of Income Tax Act, 1961, as amended (the "Act"), presently in force in India. The Management's responsibility includes collecting, collating and validating data and designing, implementing and monitoring of internal controls relevant for the preparation and presentation of the Statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

#### Auditors' Responsibility

4. Our work has been carried out in accordance with Standards on Auditing, as per the 'Guidance Note on Audit Reports or Certificates for Special Purposes' (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.
5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the Companies Act 2013, it is our responsibility to report



Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur

  
Chartered Accountant



whether the Statement prepared by the Company, presents, in all material respects, the possible tax benefits available as of 25<sup>th</sup> September, 2019 to the Company and the shareholders of the Company, in accordance with the applicable Income tax regulations as at the date of our report. We hereby report that we have reviewed the possible direct tax benefits available to the Company and to the shareholders of the Company under the Act, in the enclosed Statement.

6. Our confirmation is based on the information, explanations and representations obtained from the Company in relation to the business activities and operations of the Company
7. 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.

#### **Inherent Limitations**

8. We draw our attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information:
  - (a) Several of these tax benefits/consequences are dependent on the Company or the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.
  - (b) We are informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of individual nature of tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer. The benefits discussed in the Statement are not exhaustive.
  - (c) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement (DTAA), if any, entered into between India and the country in which the non-resident has fiscal domicile. (Subject to furnishing of Tax Residency Certificate)
  - (d) The above Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

#### **Conclusion**

9. In our opinion, the Statement presents in all material respects, the possible benefits available to the Company and its shareholders, in accordance with the Income Tax Regulations as at the date of this certificate. Considering the matter referred above, we are unable to express any opinion or provide any assurance whether:
  - (a) The Company or its shareholders will continue to obtain these benefits in future; or
  - (b) The conditions prescribed for availing the benefits, where applicable have been/ would be met.



This certificate is intended solely for information and for the inclusion in the Information Memorandum to be issued in connection with the proposed listing of 7,22,96,395 equity shares of face value of INR 2/- each of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Lodha & Co,

Chartered Accountants

Firm Registration Number: 301051E



(Gaurav Lodha)

Partner

Membership No.: 507462

Place: New Delhi

UDIN : 19507462 AAAATO 661



**STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO  
SOMANY HOME INNOVATION LIMITED ("THE COMPANY")  
AND IT'S SHAREHOLDERS**

**A. General Tax Benefits to the Company****1. Income from business****1.1 Depreciation**

Under section 32 of the Act, the Company is entitled to claim depreciation allowance at the prescribed rates on all its tangible and intangible assets (including goodwill) acquired and put to use for its business. Provided that the depreciation allowance shall be apportioned between the demerged company and the Company in the ratio of number of days for which the assets were used by them.

Further, subject to fulfilment of conditions prescribed in section 32(1)(iia) of the Act, the Company is entitled to claim additional depreciation at the rate of 20% of the actual cost of certain new machinery or plant which have been acquired and installed after 31<sup>st</sup> March, 2005. If, however, the assets are put to use for less than 180 days in the year in which they are acquired, the rate of additional depreciation will be 10% in such year and balance 10% of the additional depreciation will be allowed in the immediately succeeding previous year.

**1.2 Amortisation of certain Preliminary Expenditure**

The deduction available to the demerged company in terms of section 35D(1) of the Act in respect of specified preliminary expenditure, shall be available to the Company in terms of section 35D(5) of the Act provided that the period of five years for which the deduction was available is yet to expire.

**2. Deductions under Chapter VI-A of the IT Act**

**2.1** As per the provisions of section 80G of the Act, the Company is entitled to claim deduction of a specified amount in respect of eligible donations subject to the fulfilment of the conditions as specified in that section.

**2.2** The Company is entitled to claim a deduction amounting to 100% of the sums paid as donations in modes other than cash to any political party as per section 80GGB of the Act.

**3. Accumulated Losses and Unabsorbed Depreciation**

**3.1** Business losses, if any, for an assessment year are allowed to be set off against income assessable under other heads of income computed for the said year. Further, balance loss, which is not set off, can be carried forward and set off against business profits for subsequent eight assessment years.

**3.2** Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off indefinitely against income from any other head in the subsequent assessment years as per section 32(2) subject to the provisions of section 72(2) of the Act.



3.3 Further, as per section 72A, accumulated losses and unabsorbed depreciation of the demerged company, if any, will be deemed to be the accumulated losses and unabsorbed depreciation of the Company, where such loss or depreciation is directly relatable to the undertaking transferred to the Company or where such loss/ depreciation is not directly relatable, the same shall be apportioned between the demerged company and the Company in the proportion of assets retained/ transferred.

**3.4 Minimum Alternate Tax ("MAT") Credit**

As per section 115JAA of the Act, credit is allowed in respect of any MAT paid u/s 115JB of the Act for any assessment year commencing on or after 1<sup>st</sup> April 2006. The tax credit to be allowed shall be the difference between MAT paid and tax computed as per the normal provisions of the Act for that assessment year. MAT credit is eligible to be carried forward and set off for up to 15 years succeeding the assessment year in which the MAT credit arises.

**4. Capital Gains**

- 4.1 Capital assets are categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of an equity oriented mutual fund or a zero coupon bond, held by an assessee for more than twelve months are considered to be long-term capital assets. In respect of assets being shares in a company not listed on a recognized stock exchange or an immovable property being land or building or both, the assets shall be recognized as long term capital assets if the period of holding thereof is more than twenty four months. In respect of any other capital assets, the holding period should exceed thirty-six months to be considered as long-term capital assets.
- 4.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. In respect of Long Term Capital Gains, ("LTCG") the second proviso to Section 48 of the Act, permits substitution of cost of acquisition/ improvement with the indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.
- 4.3 LTCG arising on transfer of equity shares of a company or units of an equity oriented fund or units of business trust, exceeding Rs. 1 lac, shall be chargeable to tax @10% (plus applicable surcharge and cess) with effect from A.Y. 2019-20 u/s 112A of the Act subject to conditions specified in that section. The indexation benefits available under second proviso to section 48 shall not be available to LTCG taxable under section 112A.
- 4.4 In accordance with section 112 of the Act, LTCG to the extent not covered by section 112A of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will

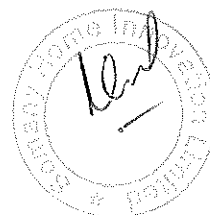


be chargeable to tax at lower of the following rates:

- a. 20% (plus applicable surcharge and cess) of the capital gains as computed after indexation of the cost; or
  - b. 10% (plus applicable surcharge and cess) of the capital gains as computed without indexation.
- 4.5 As per the provisions of section 111A of the Act, any capital gain arising on transfer of a short term capital asset, being an equity share in a company or units of any equity oriented fund or unit of business trust, shall be subject to tax as short term capital gains ("STCG") @ 15% (plus applicable surcharge and cess), if such a transaction is subjected to STT. STCG, other than those covered in section 111A, shall be taxable at normal rates as applicable to the Company.
- 4.6 As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set off against STCG as well as LTCG. Balance loss, if any, shall be carried forward and set off against any capital gains arising during subsequent eight assessment years.
- As per section 71 read with section 74 of the Act, long term capital loss arising during a year is allowed to be set off only against LTCG. Balance loss, if any, shall be carried forward and set off against only with LTCG arising during subsequent eight assessment years.
- 4.7 As per the provisions of section 47(vid), any transfer or issue of shares by the Company, to the shareholders of the demerged company, shall not be considered a transfer for computing Capital Gains, if the transfer or issue is made in consideration of demerger of the undertaking.

#### 5. Income from Other Sources

- 5.1 Under section 10(34) of the Act, any dividend income referred to in section 115-O, (whether interim or final) received by the Company from any domestic company (in which the Company has invested) is exempt from tax in the hands of the Company. Such dividend is also to be excluded while computing MAT liability.
- 5.2 Further, as per the provisions of Section 94(7) of the IT Act, losses arising from transfer/ sale of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date shall be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt. 'Record date' means such date as may be fixed by the company for the purposes of entitlement of the holder of securities to receive dividend.
- 5.3 Income received in respect of the units of a Mutual Fund specified u/s 10(23D) of the Act (other than income arising from transfer of such units) shall be exempt in the hands of the Company u/s 10(35) of the Act. Such income is also to be excluded while computing MAT liability.
- 5.4 Further, as per the provisions of Section 94(7) of the IT Act, losses arising from transfer/sale of units, where such units were purchased within three months prior to the record date and sold within nine months from the record date will be disallowed to the extent such loss does not exceed the amount of income claimed exempt. 'Record date' means such date as may be fixed by the company for the purposes of entitlement of the holder of securities to receive dividend
- 5.5 Also, as per the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income claimed as exempt from tax and



quantum of such expenditure is to be computed in accordance with the provisions contained therein which shall be liable for disallowance.

5.6 As per section 115BBD, where the total income of an assessee being an Indian company includes any income by way of dividends declared, distributed or paid by a specified foreign company, such income shall be taxable at the rate of 15%. A specified foreign company means a foreign company in which the Indian company holds 26% or more in nominal value in equity share capital of the company.

5.7 As per section 115-O(1), where any domestic company declares, distributes or pays any amount by way of dividend out of the current or accumulated profits, the company shall be required to pay Dividend Distribution Tax ('DDT') @ 15% and @ 30% in case of deemed dividend referred to in section 2(22)(e). Further, as per section 115-O(1A), the amount of dividend declared/distributed/paid as referred to in sub-section (1) shall be reduced by-

- a. The amount of dividend received by the Company from its domestic subsidiaries, where such domestic subsidiary has paid DDT u/s 115-O
- b. The amount of dividend received by the company from its foreign subsidiaries, where tax is payable by the Company u/s 115BBD on such dividend.

A subsidiary company is one in which the Company holds more than 50% of the nominal value in equity share capital of the company.

## **B. General Tax Benefits Available To Resident Shareholders of the Company**

### **1. Dividend Income**

1.1 Under section 10(34) of the Act, dividends (whether interim or final) referred to in section 115O of the Act i.e. received from a domestic company is exempt from tax in the hands of the shareholders of the company except for dividends chargeable to tax in accordance with the provisions of section 115BBDA of the Act.

1.2 However, as per the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to earning dividend income claimed as exempt from tax and quantum of such expenditure is to be computed in accordance with the provisions contained therein which shall be liable for disallowance.

1.3 As per section 115BBDA, any income by way of dividend in excess of Rs. 10 Lacs shall be chargeable to tax in the case of a specified assessee at the rate of 10%. A specified assessee means a person other than a domestic company or a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of section 10(23C) or a trust or institution registered u/s 12A or section 12AA. No deduction in respect of any expenditure or allowance or set-off of loss shall be allowed to the assessee against such dividend income.

### **2. Capital Gains**

2.1 Benefits outlined in clause 4.1 to 4.6 of Paragraph B above are also applicable to resident shareholders. In addition to the same, the following benefits are also available to resident



shareholders.

- 2.2 In case of an individual or HUF, where the total taxable income as reduced by LTCG is below the basic exemption limit, the LTCG will be reduced to the extent of the shortfall and only the balance LTCG will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 of the Act and proviso to sub-section (2) of section 112A of the Act.
- 2.3 In case of a shareholder being an individual or a HUF, in accordance with and subject to the conditions and to the extent provided in section 54F of the Act, the shareholder is entitled to exemption from LTCG arising from the transfer of any long term capital asset (not being a residential house) if the capital gain is invested for purchase or construction of a residential house, to the extent and in the manner prescribed in the said section.

**C. General Tax Benefits Available to the Non Resident/ Non Resident Indian Shareholders**

**1. Dividend Income**

- 1.1 Under section 10(34) of the Act, dividends (whether interim or final) referred to in section 115O of the Act i.e. received from a domestic company is exempt from tax in the hands of the non-resident/ non-resident Indian shareholders of the company.
- 1.2 However, as per the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to earning dividend income claimed as exempt income and quantum of such expenditure is to be computed in accordance with the provisions contained therein which shall be liable for disallowance.

**2. Capital Gains**

- 1.1. Benefits outlined in clause 4.1 to 4.6 of Paragraph B above are also available to a non-resident/non-resident Indian shareholder.
- 1.2. However, as per the first proviso to section 48 of the Act, the capital gains arising on transfer of capital assets being shares/debentures of an Indian Company shall be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated as per the provisions of Rule 115A.
- 1.3. However, the first proviso to section 48 shall not apply in case of capital gains arising from transfer of a long term capital asset inter alia including an equity share in a company referred to in Section 112A of the Act.
- 1.4. Further, the benefit of indexation as per second proviso to section 48 is not available to transfer of capital assets by non-resident/ non-resident Indian shareholders, referred to in the first proviso to section 48.

**3. Tax Treaty Benefits**

Under the provisions of section 90(2) of the Act, a non-resident/ non-resident Indian will be governed by the provisions of the Double Tax Avoidance Agreement between India and the



country of tax residence of the non-resident/ non-resident Indian and the provisions of the Act apply to the extent they are more beneficial to the assessee.

The benefits under tax treaties are available only if:

- a. The transaction is not covered by General Anti-avoidance Rules.
- b. Tax residency certificate is obtained from the Government of resident country.
- c. Submission of Form 10F by the non-resident to the payer.

**D. General Tax Benefits Available To Foreign Institutional Investors ('FIIs')**

**1. Dividend Income**

Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt u/s 10(34) read with section 115-O of the Act. As per the provisions of section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

**2. Capital gains**

LTCG arising on transfer of equity shares in the company, which is held for period of more than 12 months and where such transaction is chargeable to STT, shall be chargeable to tax @10% (plus applicable surcharge and cess) subject to the fulfilment of specified conditions.

**3. Tax Treaty Benefits**

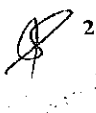
As per section 90 of the Act, a non-resident shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements entered into by the Government of India with the country of residence of the non-resident shareholder. The assessee has the option to apply the rates in tax treaty or the Indian tax laws, whichever is beneficial.

**E. General Tax Benefits Available To Venture Capital Companies/ Funds**

1. Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt u/s 10(34) read with section 115-O of the Act. As per the provisions of section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
2. In case of a shareholder being a Venture Capital Company/Fund registered with the Securities and Exchange Board of India, any income of Venture Capital Companies/ Funds are exempt from income-tax, subject to the provisions of section 10(23FB) of the Act.
3. As per section 115U of the Act, any income accruing or arising to or received by a person from his investment in venture capital funds would be taxable in his hands in the same manner as if it were the income accruing/ arising/ received by such person had directly made the investments.

**F. General Tax Benefits Available To Investment Funds**

1. In case of a shareholder being an Investment Fund, any income of such fund except for income under the head "Profits and Gains of Business/ Profession" is exempt from income-tax, subject to the provisions of section 10(23FBA) of the Act.
2. As per section 115UB of the IT Act, any income accruing or arising to or received by a person





from his investment in investment funds would be taxable in his hands in the same manner as if it were the income accruing/ arising/ received by such person had directly made the investments.

**G. General Tax Benefits Available to Share Holders being Mutual Funds**

1. In case of a shareholder being a Mutual fund, as per the provisions of section 10(23D) of the Act, any income of:
  - a. Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under; or
  - b. Such other mutual funds set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India and subject to the conditions notified by Central Government in this regard is exempt from income-tax.
2. However, the Mutual Funds would be required to pay tax on distributed income to unit holders as per the provisions of Section 115R of the IT Act. The rate of tax on distribution of income to the unit holders being an individual or HUF is as under;

Income Distributed by	Rate of Tax (%)
An Equity Oriented Fund	10
By a Money Market Mutual Fund or a Liquid Fund	25
By Other Funds	25

**II. Special Tax Benefits Available to Non Resident Indian Shareholders**

The following special provisions in respect of Income/LTCG from specified foreign exchange assets under Chapter XII-A of the Act shall apply in case of non-resident Indians:

1. As per section 115C (e) of the Act, a Non-Resident Indian ("NRI") means an individual, being a citizen of India or a person of Indian origin who is not a 'resident'. As per the Explanation to the said clause, a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.
2. Where shares have been subscribed in convertible foreign exchange, NRIs, being shareholders of an Indian company, have the option of being governed by the provisions of Chapter XII-A of the Act, which, inter alia, entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:
  - a) As per the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, LTCG arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and cess), without indexation benefit.
  - b) As per the provisions of section 115F of the Act and subject to the conditions specified therein, where an assessee earns LTCG arising on transfer of a foreign exchange asset and the assessee invests whole or part of the net consideration in any specified asset or savings certificates referred to in section 10(4B) of the Act within a period of six months, the capital gain shall be exempt to the extent and in the manner prescribed in the said section. For this purpose, net consideration means full value of the consideration received or accrued as a result of the



transfer of the capital asset (being shares in the Indian Company) as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset or savings certificates in which the investment has been made, is transferred or converted into money within a period of three years from the date of its acquisition, the amount of capital gains tax exempted earlier, would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- c) As per the provisions of section 115G of the Act, non-resident Indians are not obliged to file a return of income u/s 139(1) of the Act, if their only source of income is investment income or long term capital gains or both, provided, tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
  - d) As per section 115H of the Act, where the non-resident Indian becomes assessable as a resident in India in respect of Total Income of any subsequent year, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year u/s 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.
  - e) As per the provisions of section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year u/s 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.
- 1. Special Tax Benefits Available To Foreign Institutional Investors ('FIIs')**
- 1. Under section 115AD, income (other than income by way of dividends referred in section 115-O) received in respect of securities (other than units referred to in section 115AB) shall be taxable at the rate of 20% (plus applicable surcharge on tax and cess on tax and surcharge).
  - 2. Under section 115AD, income by way of STCG or LTCG arising from transfer of securities (other than units referred to in section 115AB), shall be taxable as follows:
    - 2.1 In the case of STCG, tax shall be calculated @ 30%. However, in case of transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust and where such transaction is chargeable to STT, STCG shall be taxable @15% (plus applicable surcharge and cess).;
    - 2.2 LTCG shall be taxable @10% (plus applicable surcharge and cess). However, in case of transfer of a long- term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust and where such transaction is chargeable to STT, LTCG, exceeding Rs. 1 lac shall be taxable @10% (plus applicable surcharge on tax and cess on tax and surcharge) with effect from A.Y. 2019-20 u/s 112A of the Act, subject to the conditions specified in the said section.



*[Handwritten signature]*

Such capital gains would be computed without giving effect of first proviso (foreign exchange fluctuation benefit) and second proviso (indexation benefit) to section 48.

No deduction u/s 28 to 44C or clauses (i),(iii) of Sec. 57 or under Chapter VI-A shall be allowed if the Gross Total Income of the FII consists only of income received in respect of securities taxable @ 20%.

3. Under section 115JB, income accruing or arising to a foreign company from capital gains arising on transactions in securities is excludible from computation of Book Profits if:
- Such income is credited to statement of profit and loss and
  - Income tax payable thereon is less than 18.5%

Corresponding expenditure in relation to such income is added to Book Profits.

4. However, as per Explanation 4 to section 115JB, provisions of section 115JB shall not be applicable on a foreign company if:
- It is a resident of a country or a specified territory, with which India has entered into Double Taxation Avoidance Agreement as per section 90(1) or the Central Government has adopted any agreement as referred to in Section 90A(1) and it does not have a permanent establishment in India in accordance with the provisions of such agreement, or
  - It is a resident of a country with which India does not have an agreement as referred to above and such FII is not required to seek registration under any law in force in India.



## SECTION V- ABOUT US

### INDUSTRY OVERVIEW

*The information presented in this section has been obtained from publicly available documents from various sources including officially prepared materials from the Government of India and its various ministries, industry websites/publications and company estimates. Industry websites/publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Although we believe industry, market and government data used in the Information Memorandum is reliable, it has not been independently verified. Similarly, our internal estimates, while believed by us to be reliable, have not been verified by any independent agencies.*

#### Indian Economy

India has emerged as one of the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships.

India's economy is set to grow at 7.0 percent in 2019, picking up to 7.2 percent in 2020 (slightly lower than in the April 2019 World Economic Outlook [WEO] for 2020), supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. Growth in India is expected to stabilize at just under 7¼ percent over the medium term, based on continued implementation of structural reforms and easing of infrastructure bottlenecks. *(Source: International Monetary Fund - World Economic Outlook, April 2019 & World Economic Outlook Update, July 2019)*

The total Foreign Direct Investment (FDI) into India, since April 2000 including equity inflows, reinvested earnings and other capital is US\$ 609.83 billion (from April, 2000 to March, 2019). During the Financial Year 2018-19, FDI equity inflows of US\$ 44.36 billion have been received. This represents a decrease of 1% over the FDI equity inflows of US\$ 44.85 billion received during the corresponding Financial Year 2017-18. *(Source: Website of Department of Industrial Policy and Promotion)*

As per the latest estimates available on the Index of Industrial Production (IIP), the Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 for the month of June 2019 stands at 130.2, which is 2.0 percent higher as compared to the level in the month of June 2018. The cumulative growth for the period April-June 2019 over the corresponding period of the previous year stands at 3.6 percent. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of June 2019 stand at 106.6, 130.1 and 173.0 respectively, with the corresponding growth rates of 1.6 percent, 1.2 percent and 8.2 percent as compared to June 2018. The cumulative growth in these three sectors during April-June 2019 over the corresponding period of 2018 has been 3.0 percent, 3.1 percent and 7.2 percent respectively. *(Source: Website of Ministry of Statistics and Programme Implementation)*

#### Industry relating to our Company:

#### (I) CONSUMER DURABLES INDUSTRY IN INDIA

Consumer Durables are a category of consumer products that do not wear out quickly and do not have to be purchased frequently because they are made to last for an extended period of time (typically over 3 years). The consumer durable goods can be broadly classified under the following two categories:

1. Consumer Appliances
2. Consumer Electronics

Under consumer appliances/home appliances, the industry is further classified under 'White goods' and 'Brown goods'. White goods are large household appliances that mainly include air conditioners, washing machines and refrigerators and other kitchen appliances, while the brown goods have mostly kitchen appliances and other cooking range products.

Consumer Electronics are equipment intended for routine use, most often in entertainment, communications and workplace productivity.



## Consumer Durables

### 1. Consumer Appliances

#### A. White Goods

- Washing machines
- Refrigerators
- Air conditioners

#### B. Brown Goods

- Microwave ovens
- Cooking range
- Mixers & Grinders
- Juicers
- Irons
- Blenders
- Toasters
- Coffee makers
- Sewing machines
- Electric Fans
- Cleaning equipments
- Dryers
- Heating appliances
- Dishwashers
- Vacuum cleaners
- Water coolers
- Water purifiers
- Other Domestic Appliances

### 2. Consumer Electronics

- Televisions & Home theatre systems
- Audio & Video systems
- Personal computers & peripherals
- Digital Cameras
- Mobile Phones & accessories
- Laptops & accessories
- Tablets
- Gaming Consoles
- DVD & MP3 players
- Audio equipments
- Speakers

(Source: [www.ibef.org](http://www.ibef.org))

The consumer durables industry is one of the most dynamic and fastest growing industries in India and is considered to be one of the largest in the world. Indian Consumer Durables sector is vast in scope including a range of household and industrial electronics; air conditioners, televisions, washing machines, refrigerators, air coolers, laptops and personal computers and a wide range of other households/domestic appliances & conveniences.

The consumer durables sector in India is expanding rapidly, fueled by innovations and digital penetration. With an improvement in domestic consumption, the industry witnessed a growth of around 7-8% in FY 2018-19. The Indian appliance and consumer electronics (ACE) market is likely to expand at 9% CAGR to reach Rs.3.15 trillion in 2022. By 2025, the country is set to become the world's fifth largest consumer durables market.

Technological advancements, such as connected devices and smart homes are changing the way consumers and the industry look at consumer durable products. Consumers are becoming more technology-savvy and manufacturers are responding to this need by attaching greater importance to technological innovation to offer sophisticated products.

The consumer durables sector is revisiting the overall channel mix and is invested in capitalizing on growing e-commerce, optimizing supply chain and consolidating traditional sales channels.

#### Growth Enablers

- **Rising middle and high-income households:** India is expected to add around 140 million high-income households to its population by 2030. This will double the total share of middle and high-income class segments to 50%, thereby increasing the average spending capacity of consumers.
- **Continued urbanization:** In India, the population of people living in Tier II cities is growing across the country. According to the United Nations World Urbanization Prospects 2018 report, 34% of India's population



now lives in urban areas. Such a rise in urbanization is expected to result in a larger number of modern households.

- **Rise in use of plastic money:** The growing use of plastic money (credit and debit cards) is increasing consumer spending. The acceptance of plastic money by retailers mostly in the organized sector is helping Indian consumers experience the convenience of cashless shopping. Furthermore, adding to the demand of consumer durables are attractive year-round discounts on e-commerce platforms and retail shops.
- **Financing schemes:** Credit availability and quick loans by banks and non-banking financial companies (NBFCs) across India are driving consumption demand.
- **Dual income households:** The rise of dual income households have significantly increased the spending capacity of consumers in India, contributing towards consumer durable market expansion.
- **Rise in nuclear families:** The number of nuclear families has risen rapidly in the last two decades and trends suggest that nuclear families are known to spend more on consumer durables as compared to joint families, adding to this segment's growth.
- **Discretionary spending:** The rise in consumers' income levels has led to increased discretionary spending. With this economic transformation, consumer durable products such as water purifiers, air conditioners, kitchen hobs and chimneys now find more takers.
- **Innovative advertising and brand promotion:** Attractive sales promotion measures such as discounts, free gifts and exchange offers have also enabled consumer durable companies to enhance sales.

**Competition:** A critical challenge in consumer durables industry is the competition from large and small players from both domestic and international market.

## (II) FURNITURE INDUSTRY IN INDIA

The furniture sector is still largely unorganized in the country, but the implementation of tax reforms is acting as a facilitator to transit this sector into becoming an organized business segment. India's woodworking industry is one of the fastest growing sectors of the economy. According to a study by the World Bank, India's organized luxury furniture industry is expected to be at US\$ 27.01 billion by 2020, registering a CAGR of 4.1% during the forecast period between 2015-2020. In this context, it is pertinent to mention that as the sector becomes largely organized, high brand salience will play a significant role in influencing buying decisions.

The online home décor market is growing due to rapid urbanization and rising disposable income. The availability of furniture in various regions through e-commerce sales has increased in the last few years.

### Growth Enablers

- **Rapid urbanization:** With rapid urbanization, the number of people living in residential flats is increasing. This, in turn, is ramping up the demand for modular and compact furniture.
- **Evolving consumer lifestyles:** In recent years, rising income levels and India's young working population have increased household spending. An upsurge in the number of nuclear families and ease of online shopping are acting as catalysts to the demand for home décor products and boosting the replacement market as well.
- **Rising tourism and hospitality:** India is becoming a popular destination for tourism. The launch of several brand and marketing initiatives by the Government of India such as 'Incredible India!' and 'Athiti Devo Bhava' have also provided a focused growth impetus. This is expected to act as an agent to strengthen furniture demand.
- **Expanding e-commerce:** India is one of the fastest growing markets for the e-commerce sector and with the growing infiltration of smartphones, online shopping is on a steep rise. More people are buying online furniture, due to the availability of a variety of designs and easy return and refund policies.
- **Growing aspiration:** A significant population of consumers now want stylish and quality furniture and accessories to enhance their living spaces. Since the Indian consumer is now well-travelled and aware of international trends, this awareness has generated a new marketplace for stylish and bespoke furniture.



**Competition:** There are a few number of organized market players in furniture industry, compared to the unorganized market players.

**Industry relating to our material subsidiary:**

## **BUILDING MATERIAL INDUSTRY IN INDIA**

### **Sanitaryware**

Indian sanitaryware segment's current market size is estimated at INR 4,800 crore and it is growing at a steady pace of CAGR 8-10% over FY 2018-21, as per unconfirmed industry sources. This growth will be propelled by improved living standards, evolving consumer preferences, increasing disposable incomes and rising awareness surrounding sanitation. Around 60% of sanitaryware manufacturers are in the organised sector and these players leverage best-in-class technologies and differentiated designs to address the varied needs of the market.

### **Faucet**

The domestic faucet industry size is about INR 8,800-9,000 crore and is expected to grow at a CAGR of 10-12% over FY 2018-21, as per unconfirmed sources. The share of organised players is gradually increasing and currently they constitute more than 50% of the market. The number of unorganised players is set to further decrease in the coming years, as these players manufacture faucets using conventional technologies and cater mainly to the mass market and low-income group. Additionally, increasing brand awareness and change in end consumers' preference will help increase the pie of organised players in the country.

### **Plastic pipes and fittings**

Plastic pipes and fittings market comprising of polymerizing vinyl chloride (PVC), unplasticized polyvinyl chloride (UPVC) and chlorinated polyvinyl chloride (CPVC) has reported double-digit growth in the past decade and a half. This is due to increased demand from the building and construction industry, along with the rising technological advancements in the irrigation sector. The market size of India's plastic pipes and fittings industry is estimated to be around INR 30,000 crore and it is likely to grow at a CAGR of 14%. Within this, the market size of plastic pipes and fittings business catering to plumbing and sanitation in the building and construction industry is estimated at INR 9,500 crore, as per unconfirmed industry sources. The share of organised players is currently pegged at 65-70%. CPVC pipes and fittings are the fastest growing segment of India's plastic pipes and fittings industry owing to their unique selling points such as corrosion resistance, cost efficiency and flame resistance. The replacement market is further fueling the demand for pipes owing to the adverse water quality of the country.

### **Growth Enablers**

- **Rising per capita income:** India's per capita income increased from Rs.79,118 in FY 2013-14 to Rs.1,25,397 in FY 2018-19. Growing income levels continue to bolster flexible consumption, benefitting lifestyle products such as sanitaryware and faucets. Further, interest rate reduction will spur demand of low to mid segment houses of private developers.
- **Huge opportunity considering low sanitation levels:** Large scale government initiatives such as the 'Swachh Bharat Abhiyan', the 'Smart Cities Project', and the 'Housing for All' scheme are stimulating growth in construction activities, thereby augmenting demand for pipes, sanitaryware and faucets. Under the 'Housing for All' (PMAY) scheme, the government targets the provision of affordable housing for 20 million people by 2022 of which 1.9 million houses were completed at the end of March 2019.
- **Increase in ownership of aspirational brands:** Bathrooms have come of age and now represent one's status quotient. Today, a bathroom is as important as any other room in the house and is seen more as a 'personal space'. This change in perception and enhanced consumer lifestyle are increasing appetite for aesthetics and novel designs, which, in turn, is pushing the demand for quality sanitaryware products. Technologically advanced and innovative products such as water-saving European water closets (EWCs), electronic flushing systems, sensor, operated flushing systems and decorative ceramic accessories, among others, are helping to drive the shift towards premium bathrooms, encouraging companies to increase their average realisation per piece.
- **Expanding replacement market:** With consumers increasingly becoming brand conscious, the home renovation market is expanding. The PVC, CPVC, UPVC and SWR pipes have acquired increasing significance



due to better functional efficiency in comparison to metal pipes, which is why they have great potential to replace the latter.

- **Growing affluence:** Aspiring and affluent households have helped spur domestic consumption in India. Consumers are spending on categories beyond essentials as the number of affluent households is growing. According to a report by the Boston Consulting Group, affluent households have more than doubled since 2008, from 10 million to 24 million in 2018.

**Competition:** There are many international and domestic, organized and unorganized players in the building material industry from whom we face competition.





## OUR BUSINESS

Our Company was incorporated on September 28, 2017 under the Companies Act, 2013 with the Registrar of Companies, Kolkata. The Company is authorized, by its Memorandum of Association, *inter alia*, to import, export, buy, sell, process, manufacture and deal 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, Furnitures 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.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)

Prior to the Composite Scheme of Arrangement approved by Hon'ble NCLT, Kolkata Bench, amongst HSIL Limited, SHIL and Brilloca Limited and their respective shareholders and creditors, our Company was a wholly owned subsidiary company of HSIL Limited. Pursuant to the Scheme becoming effective, (i) Consumer Products Distribution and Marketing Undertaking of HSIL and (ii) Retail Undertaking of HSIL has been demerged from HSIL and vested into our Company from the Appointed Date of the Scheme, i.e. 01 April, 2018.

Pursuant to the vesting of aforesaid undertakings of HSIL in the Company, the Company is now engaged in 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 scheme and retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Scheme.

Further, pursuant to the vesting of Building Products Distribution and Marketing Undertaking of HSIL in Brilloca Limited, our wholly owned subsidiary, Brilloca Limited is now engaged in branding, marketing, sales, distribution, trading, service, etc. in the business of comprehensive bathroom solutions that include sanitaryware, faucets, plastic pipe and fittings, wellness products and other allied products such as 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.







Brief business overview of our Company is as under:

### I. CONSUMER PRODUCTS DIVISION (CPD)

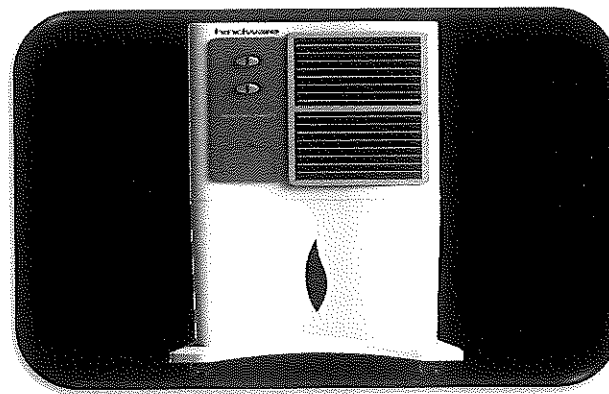
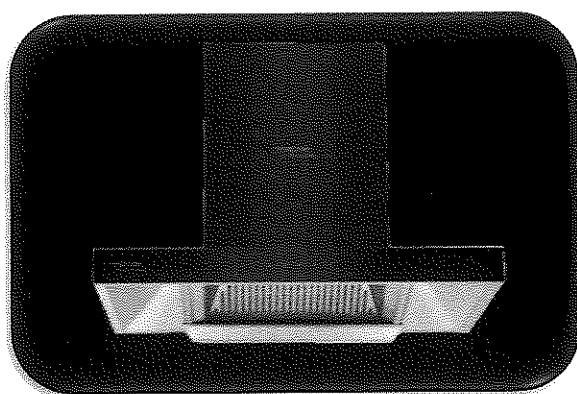
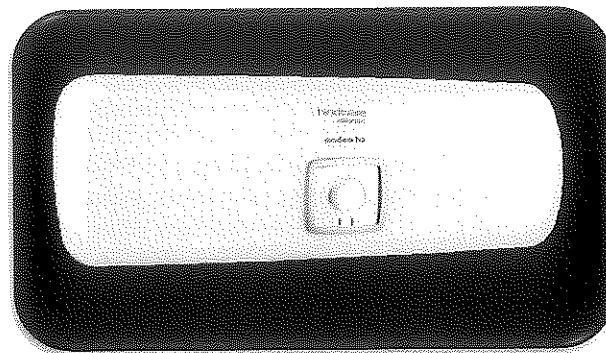
Under CPD, we offer multiple products such as kitchen appliances, air and water purifiers, water heaters, air coolers and vents across varied price range for the evolved consumers in India. We offer quality and advanced products and have a product sourcing tie-up with global player Groupe Atlantic (Europe's leading brand in heating solutions), a Euro 1.8 billion conglomerate, for water heaters.

Our product range under CPD includes:

**PRODUCT ARRAY**

 <p><b>Hindware Kitchen Appliances</b></p> <ul style="list-style-type: none"> <li>› Chimneys</li> <li>› Cooktops</li> <li>› Built-in Hobs</li> <li>› Cooking Ranges</li> <li>› Induction Cooktops</li> <li>› Food Waste Disposers</li> <li>› Built-in Microwave Ovens</li> <li>› Built-in Ovens</li> <li>› Dish Washers</li> <li>› Kitchen Sinks</li> </ul>	 <p><b>Hindware Atlantic Water Heaters</b></p> <p><b>Hindware Atlantic Water Heaters</b></p> <ul style="list-style-type: none"> <li>› Storage Water Heaters</li> <li>› Instant Water Heaters</li> <li>› Gas Water Heaters</li> </ul>	 <p><b>Hindware Snowcrest Air Coolers</b></p> <ul style="list-style-type: none"> <li>› Desert Coolers</li> <li>› Personal Coolers</li> <li>› Tower Coolers</li> <li>› Window Coolers</li> <li>› Desktop Coolers</li> </ul>
 <p><b>Moonbow by Hindware</b></p> <ul style="list-style-type: none"> <li>› RO+ UV water purifiers</li> <li>› UV water purifiers</li> </ul> <p><b>Moonbow by Hindware air purifiers</b></p> <p>Air purifiers</p>	 <p><b>Hindware Water Purifiers</b></p> <p>RO+ UV water purifiers</p>	 <p><b>Hindware Vents</b></p> <ul style="list-style-type: none"> <li>› Classic Extractor Fans</li> <li>› Decor Extractor Fans</li> </ul>





Further, our Company has launched two new products, i.e, a new range of Hindware Air Purifier in November 2019 and Hindware Snowcrest Ceiling fans in December 2019.

### ***Our Key Strengths***

*We believe the following are our key strengths:*

- **Asset-Light Model:** Our asset-light model allows us to source our products from leading global and India partners. This makes our business more profitable with minimum capital expenditure requirements.
- **Broad Product Portfolio:** Our diverse portfolio of quality products with cutting-edge designs cater to varied consumers' needs.
- **Advanced Technology:** Products are supported by contemporary technology that is globally benchmarked. With our technological prowess, we regularly introduce new variants under our existing product portfolio that are in sync with our fast-paced approach to business.
- **Wide Distribution Network:** We have a network of 750+ distributors and 9,650+ retail outlets across India. Our products are also sold through e-commerce platforms such as Amazon, Flipkart, Paytm, Snapdeal and Tata CLiQ, among others. In addition to this, the products have a robust presence across modern retail format stores such as Reliance Digital, Walmart, Spencers, Metro Cash and Carry, among others.
- **Experienced senior management:** Our senior management team consists of individuals with strong academic backgrounds in the requisite fields of business management, engineering and commerce. Our senior management team has considerable experience in the electrical, consumer durables, consumer goods and engineering industries with key members having worked in these industries for over several decades.
- **Consistent Product Launches:** Today's consumers have high expectations. Besides convenient and personalised products and services, they also are on the constant lookout for new products. Our manufacturing speed and



flexibility help us in addressing such consumer demands with new product launches at regular intervals in the market.

### *Our Growth Strategy*

- Increasingly address new target groups, utilizing additional market potential and strengthening our market position across India.
- Fortify existing product categories, enabling us to expand our customer connect and gain a higher market share.
- Expand retail presence to achieve higher scale.
- Delight customers consistently by offering products with new technologies and smart features, along with best design and value-added features.

### **Marketing and Distribution Network**

We enjoy a vast network of 750+ distributors and 9,650+ retail outlets across India. Our products are also sold through e-commerce platforms such as Amazon, Flipkart, Paytm, Snapdeal and Tata CLiQ. In addition to this, the products have a robust presence across modern retail format stores such as Reliance Digital, Walmart, Spencers, Metro Cash and Carry. We have undertaken strategic marketing initiatives to popularize products and to enhance presence on various e-commerce platforms as an additional distribution channel.

## **II. RETAIL DIVISION**

Under Retail Division, we offer speciality home interior products through our modern format stores and digital platforms under the brand 'EVOK'. We have both owned and franchise large format retail stores along with an online presence at [www.evok.in](http://www.evok.in) and on other e-commerce platforms. We operate 25+ (owned and franchise) large EVOK stores across the country. EVOK showcases a large range of affordable products in solid wood furniture, home furnishings, home décor and accessories, wall fashion, modular kitchens, and wardrobes.

EVOK offers a wide range of facilities such as free delivery and installation, along with online payment options through multiple channels such as Debit and Credit Card, EMI and Pay at Store. This helps in brand visibility online as well as strengthen sales. The project team works in close association with architects, interior designers, builders and corporate community for retail, institutional and project business.

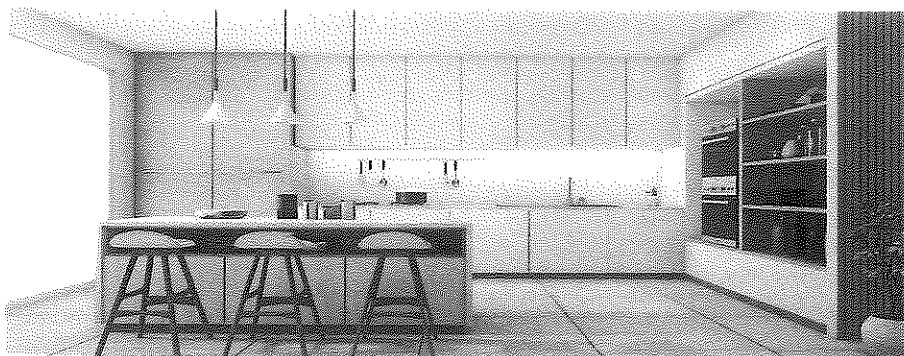


Our product range under the brand 'EVOK' includes:

- **Furniture:** We provide a variety of furniture for living room, bedroom, dining room, and kitchen. We offer a range of products from sofa sets to recliners which are inspired by modern designs. Our furniture designs are inspired by various themes and an amalgamation of modern and urban furniture designs with the best quality and long durability.



- **Modular Kitchen & Wardrobes:** We provide kitchen and stylish living solutions with its exquisite range of Modular Kitchens and Modular Wardrobes. With the introduction of its range of contemporary modular kitchens and wardrobes, EVOK has taken the home designing domain to a different level.



- **Décor:** We provide an exciting range of modern decor products include lightings, artificial plants, vases, figurines and spiritual decor, photo frames, curtains, clocks and wall decor. Our quality assured and durable decor products are created using a mix of contemporary and vintage designs.



### Marketing and Distribution Network

We have both owned and franchise large format retail stores along with an online presence at [www.evok.in](http://www.evok.in) and on other leading e-commerce platforms. We operate through 25+ (owned and franchise) large format retail stores under EVOK brand.

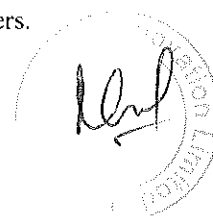
**Brief business overview of our material subsidiary is as under:**

### BUILDING PRODUCTS

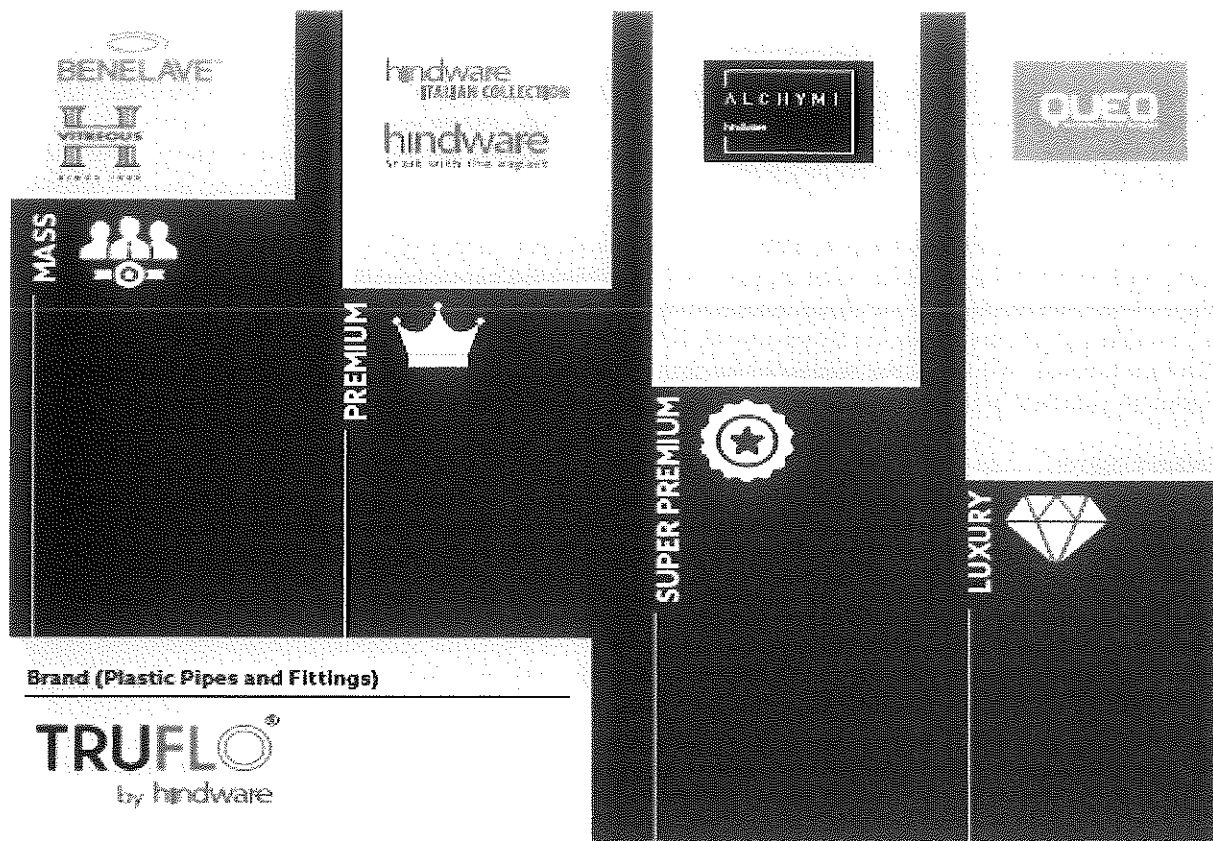
Under Building Products, we offer comprehensive bathroom solutions that include sanitaryware, faucets, plastic pipe and fittings, wellness products and other allied products such as water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc.

Our product range under Building Products includes:

- **Sanitaryware:** The products offered are water closets, wash basins, pedestals, squatting, pans, urinals, cisterns and bidets.
- **Faucets:** The products offered are showers, bathroom faucets, kitchen faucets and accessories.
- **Plastic Pipe and Fittings:** The products offered are Chlorinated polyvinyl chloride (CPVC), Unplasticized polyvinyl chloride (uPVC), Poly Vinyl Chloride (PVC) and Soil, Waste and Rain (SWR) pipes and fittings which includes sewage pipes, hot and cold water distribution, pipes and fittings and plumbing and drainage.
- **Wellness Products:** The products offered are bath tubs, shower panels, shower enclosures, whirlpools, and Steam generators.
- **Allied Products:** The products offered are concealed cisterns, PVC cisterns and seat covers.



## BRAND PORTFOLIO



### Marketing and Distribution Network

Over the years, we have developed enriching relationships with a large network of dealers and retailers to reach out to customers across India. We enjoy a wide network of distributors and retail touchpoints across India. We are continuously strengthening our distribution network across India for all businesses with a focus on increasing presence across Tier-II, Tier-III and Tier-IV towns.

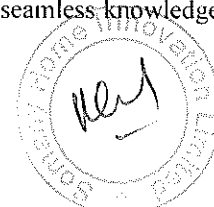
### Our Resources:

#### After Sales Service

We have set-up call centre facilities for after sales service for our products, supported by technicians who advise our customers on calls and on-site. We also maintain a customer relationship database, which helps us understand the nature of complaint / problems. Spare part management is also an important pillar of our after sales service. We have well spread authorised service centres in India. Our service centres performances are closely monitored and improvement actions are an ongoing process driven by dedicated team members.

#### Human Capital

Innovative Human Resource (HR) practices enable us to create an open environment for employees and develop high-performing teams to achieve organizational goals. The company's value-driven ecosystem forms the heart of all its HR policies. It attracts, develops, motivates, nurtures and retains talent. The senior leadership provides hands-on guidance to all members; down the pyramid to strengthen transparency, build trust and encourage seamless knowledge transfer. We



conduct regular training sessions for our employees to upgrade their knowledge and skills.

### Health, safety and environment

We are committed to the health and safety of our employees and protection of the environment. Our goal is to provide an injury and accident free work environment by applying leading safety management systems.

### Our intellectual property

In terms of the Scheme, all intellectual property rights in relation to the CPDM Undertaking and the Retail Undertaking shall be transferred from HSIL Limited and vested in the Company and all intellectual property rights in relation to the BPDM Undertaking shall be transferred from HSIL Limited and vested in Brilloca Limited (a wholly owned subsidiary of the Company).

Upon the Scheme becoming effective, HSIL Limited (Demerged Company) has passed necessary resolution in its meeting of Board of Directors held on 06 August, 2019, to effect the transfer of all intellectual property rights in relation to the CPDM Undertaking and the Retail Undertaking to be transferred from HSIL Limited and vested in the Company and all intellectual property rights in relation to the BPDM Undertaking to be transferred from HSIL Limited and vested in Brilloca Limited. We are in the process of having these trademarks registered in our name or having the trademark applications endorsed in our name, as the case may be.

### Internal Control

The internal control systems are commensurate with the size, scale and complexity of the operations of the Company. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with the applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization, and ensuring compliance with corporate policies. The Company uses SAP - a well-accepted enterprise resource planning (ERP) system to record data for accounting, consolidation, and management information purposes and connects to different locations for efficient exchange of information. The Company has continued its efforts to align all its processes and controls with best practices.

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.

### Risk Management

The Company has a Risk Management framework which identifies and assesses strategic, operational, financial and compliance risks and monitors the effectiveness and efficiency of risk mitigation and control measures. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continual basis.

### Property

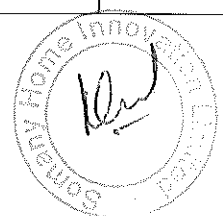
As on date of this Information Memorandum, there are no properties owned by our Company.

**Details of properties taken on lease/ licence/ rent by our Company:** As on date of this Information Memorandum, in addition to our registered office, we have 24 properties on lease/license/rent from various parties all over the country which are used as our retail stores, warehouse/godowns. The details of such properties are given below:

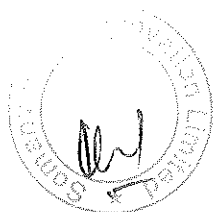
S. No.	Purpose	Details of the Property	Document/s Executed	Lessor/ Owner	Valid up to
1.	Registered Office	2, Red Cross Place, Kolkata, West Bengal, India - 700001	Yes	HSIL Limited	31 December, 2081
2.	Retail Store	Shop no FF 19 to 28, Crown Interiorz Mall, N.H -2, Delhi Mathura Road, Sector-35, Faridabad, Haryana	Yes	B.L. Ghai, Arvind Kumar, Latika Singh, Neetika Aggarwal, Anshu Batla, Brajesh Batla, Gurbachan Anand, Madhu Arora, VK Virmani, Vishant Jain	30 March, 2024



S. No.	Purpose	Details of the Property	Document/s Executed	Lessor/ Owner	Valid up to
3.	Retail Store	Shop No. LGF 21 A to 32 , I, JMD Regent Arcade Mall, M.G. Road, Gurgaon, Haryana	Yes	Gajraj Singh, Devender Yadav, Ravinder Yadav, Deepak Yadav, Madan Lal, HL Kher, Ntin Khanna, NK Tekriwal, JMD Ltd.	15 October, 2024
4.	Retail Store	Kartar Bhavan, PAU, Gate No. 1, Ferozpur Road, Ludhiana	Yes	Jatinder Singh Sabharwal, Kawaljeet Kaur, Mohan Singh Bajaj HUF, Simranjeet Singh Bajaj & Sons HUF, Tarundeep Singh Bajaj HUF, Manveek Bajaj, Jagjit Singh, Gagandeep Singh, Hardeep Kaur, Balwant Kaur, Gurtej Singh, Tejwant Singh	26 July, 2020
5.	Retail Store	Shop No.19A, Level IV, Second Floor, Shipra Mall Indrapuram, Ghaziabad, U.P.	Yes	Shipra Hotels Ltd.	27 September, 2019 (Extended upto 30 December, 2019)
6.	Retail Store	LGF, Shalimar Building, no. 31/54, Mahatma Gandhi Marg, Hazaratganj, Lucknow, U.P	Yes	Shalimar Corp Ltd.	28 October, 2022
7.	Retail Store	Jaya Chambers, Plot No 1102 Road No.36, Jubilee Hills, Hyderabad	Yes	Usha Rani Reddy	31 January, 2020
8.	Retail Store	Unique Destination, 1st Floor, Above - Mahindra Showroom, Laxmi Mandir Tiraha, Tonk Road, Jaipur - 302015, Rajasthan	Yes	Unique Builders & Developers	30 June, 2021
9.	Retail Store	1st floor, Malhar Mega Mall, A.B. Road, Indore, M.P	Yes	MP Entertainment Developers Pvt. Ltd.	17 January, 2021
10.	Retail Store	2/15, WHS, Timber Market, Near Kirti Nagar Police Station, Kirti Nagar, Delhi	Yes	Agyawanti Anand	17 September, 2021
11.	Retail Store	No.5BC- 302 ,HRBR Layout ,3rd Block Ring Road, Bengaluru, Karnataka	Yes	CB Chakarvarthy and Praveen B	31 January, 2020
12.	Retail Store	Zodiac Square, Main S.G. Highway, Bodakdev Ahmedabad, Gujarat	Yes	Shukun Builders Pvt. Ltd.	25 November, 2022
13.	Retail Store	Survey No 36/2 & 37/1, Marathalli, Outer Ring Road, Bangalore	Yes	P Rajappa	31 January, 2020
14.	Retail Store	Shop No. A-6GF and 101 to 106 1st floor, Ocean Building, Sarabhai Road, Vadodara, Gujarat	Yes	Suryaben Chiman Lal Soni & Kaminiben Pareshbhai Soni	02 August, 2026
15.	Warehouse	Village Jakhoda, Main Delhi Rohtak Road, Bahadurgarh, District-Jhajjar, Haryana	Yes	Ranbir Singh More, Urmila Devi, Apporva, Karan Siwach, Aman Siwach, Sudha Joon	10 January, 2028
16.	Warehouse	F-461, Phase-II, Transport Nagar, Kanpur Road, Lucknow	Yes	Pankaj Kumar & Seema Sezwar	01 October, 2024
17.	Warehouse	Village and P.O- Bhanohar, Ludhiana, Punjab	Yes	Gurmeet Singh	01 October, 2027



S. No.	Purpose	Details of the Property	Document/s Executed	Lessor/ Owner	Valid up to
18.	Warehouse	A-3/4, BIDC, Gorwa, Vadodara, Gujarat	Yes	Jatin Sumanlal Shah	02 August, 2026
19.	Warehouse	809, Kothari Estate Village-Santej, Tehsil-Kalol, Gandhi Nagar, Gujarat	Yes	Amrutlal Natvar Lal Patel	01 April, 2025
20.	Warehouse	FE 21 C2, Malviya Industrial Area, Jaipur	Yes	S.G Auto Enterprises	31 December, 2023
21.	Warehouse	23, S.D.A Compound Lasudia Mori, Dewas Naka, Indore	Yes	Krati Baheti	30 March, 2025
22.	Warehouse	Khasra No. 23/22, 21, 32/1, 10/1, 10/2, 11 MIN, Bilaspur to Touro Road Village Jhamuwas Dist, Mewat Haryana Landmark Opposite ITI Jhamuwas-122105	Yes	Mahipal, Tejpal Singh, Vedpal Singh, Dharampal Singh	31 June, 2020
23.	Warehouse	Ground Floor ,Main Jhajjar-Rohtak Road , Nahara -Nahri Road, Bahadurgarh , Haryana	Yes	HSIL Limited	13 January, 2028
24.	Office	Plot No. 37-B, Echelon Institutional Area, Sector 32, Near Jharsa Chowk, Gurugram, Haryana - 122001	Yes	Daulat Ram Hotel Private Limited	20 December, 2019 (The agreement is under termination)
25.	Office	Plot No. 68 , Sector 32, Gurugram, Haryana	Yes	Minda Corporation Limited	17 September, 2028





## KEY REGULATIONS AND POLICIES IN INDIA

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this section is based on current provisions of Indian laws which are subject to amendments, changes and modifications. The information stated below is based on the information collected from the Industry and from the public domain. The list of the laws, rules & regulations stated below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.*

### Trade Licenses

Our offices, retail stores and showrooms are required to obtain the trade licenses from Municipalities/ Municipal Corporations, as the case may be. These licenses are normally granted for a financial year and need to be renewed every year upon payment of certain fees.

### Shops and Establishments Legislations

Our retail stores and showrooms are required to be registered under the provisions of local shops and establishments legislations applicable in the states where such establishments are set up. These laws regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work, among other things.

### The Consumer Protection Act, 2019

The Consumer Protection Act, 2019 (“Consumer Protection Act”) provides for protection of the interests of consumers. It defines the rights of consumers as a class and provides for the establishment of a central authority, the Central Consumer Protection Agency, and a three-layered network of consumer tribunals (called “Commissions”) to promote, protect, and enforce these rights. The Consumer Protection Act empowers aggrieved consumers to lodge complaints against manufacturers, traders, service providers, etc., for unfair/ restrictive trade practices, or defective or deficient goods or services supplied by them, or indulging in misleading advertising, etc. The Consumer Protection Act provides for penalties to such manufacturers, traders, service providers etc. Manufacturers, traders, service providers etc. of defective or deficient goods or services are also made responsible to compensate the consumers for the harm caused by their product or service.

### The Sale of Goods Act, 1930

The law relating to the sale of goods is codified in the Sale of Goods Act, 1930 (“Sale of Goods Act”). It defines sale and agreement to sell as a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price. The Sale of Goods Act contains provisions in relation to the essential aspects of such contracts, including the transfer of ownership of goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract, and the implied conditions and warranties in a contract for the sale of goods.

### The Competition Act, 2002

The objective of the Competition Act, 2002 (“Competition Act”) is to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect the interest of consumers and to ensure freedom of trade carried on by other participants in the India. The Competition Act, therefore, prohibits entities from entering into anti-competitive agreements, from abusing their dominance in the market, and it also regulates “combinations in India. The Competition Act, therefore, prohibits and prevents, among other things, cartels from forming, dominant entities from creating barriers on the entry of new players, and such takeovers, merger and amalgamations which might have adverse effects on competition in the market. The Competition Act also established the Competition Commission of India (the “CCI”) as the authority mandated to implement the Competition Act.

### Transfer of Property Act, 1882

The Transfer of Property Act, 1882 (“TOPA”) deals with change in ownership and possession of immoveable property among living persons, including companies. The TOPA, therefore, deals with sale, mortgage, lease, gift and exchange of immovable properties.



### **The Registration Act, 1908**

The Registration Act, 1908 deals with registration of certain documents like lease deeds, etc. Leases of immovable property from year to year, or for any term exceeding one year, or reserving a yearly rent are required to be registered under this act.

### **Indian Stamp Act, 1899**

The Indian Stamp Act, 1899 (along with its state amendments) and Stamp Acts of various states ("Stamp Acts") lay down that certain instruments shall be chargeable with a duty of the amount mentioned in the schedule of the relevant Stamp Act. The stamp duty chargeable on an instrument is required to be paid to the relevant state authority, and such payment is indicated on the instrument by means of stamps.

### **The Goods and Services Tax Act, 2017**

Goods and Services Tax ("GST") is an indirect tax levied on the supply of goods and services. GST has replaced many indirect tax laws which previously existed in India such as Service tax, Central Excise Act, Entry Tax, Octroi, etc. The GST is charged on every value-addition on a product or service, for example, from the manufacturer to the wholesaler, and is collected at the destination of consumption. There are three taxes applicable under this system: (i) Central GST, which is collected by the Central Government on an intra-state sale; (ii) State GST, which is collected by the State Government on an intra-state sale; and (iii) Integrated GST, which is collected by the Central Government on an inter-state sale.

### **Income Tax Act, 1961**

The Income Tax Act, 1961 ("IT Act") is applicable to every company, whether domestic or foreign, whose income is taxable under the provisions of this Act or rules made there under depending upon its residential status and type of income involved. IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax, etc. Every such company is also required to file its returns in each assessment year.

### **The Trade Marks Act, 1999**

The Trade Marks Act, 1999 ("Trade Marks Act") provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement. The Trade Marks Act prohibits any registration of deceptively similar trademarks or chemical compounds among others. It also provides for infringement, falsifying and falsely applying for trademarks. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of a prescribed renewal fee.

### **The Patents Act, 1970**

The Patents Act governs the patent regime in India. It provides the conditions required to be fulfilled for grant of a patent in India, viz, novelty, utility and non-obviousness. It also provides the products and processes for which patent protection shall not be granted even if they satisfy the above criteria. It provides certain rights to a patent-holder and that the term of a patent is twenty years from the date of the filing of the patent application. The Patents Act prohibits any person resident in India from applying for patent for an invention outside India without making an application for the invention in India.

### **The Foreign Trade (Development & Regulation) Act, 1992**

The Foreign Trade (Development and Regulation) Act, 1992 ("FTA") read along with relevant rules, among other things, provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. The FTA empowers the Central Government to fulfill these objectives by way of the formulation of the export and import policy. The FTA also provides for the issuance of a license and a code number to an import or export.



## **Foreign Trade Policy 2015-2020**

The current export and import policy under the FTA was promulgated in 2015 and remains in operation till 2020. It provides a framework for increasing exports of goods and services from India (“FTP”). This FTP codifies, among other things, the process involved in export and import of goods and services to and from India, the general and specific incentives afforded to various categories of exports, and prohibitions in terms of goods being imported or exported or the countries they are being imported from or exported to.

## **Foreign Investment**

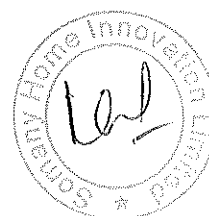
Foreign investment in India is governed by the provisions of Foreign Exchange Management Act, 1999 (“FEMA”) along with the rules, regulations and notifications made by the Reserve Bank of India thereunder, and the consolidated FDI Policy (“FDI Policy”) issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India from time to time.

## **Labour related legislations**

Depending upon the nature of the activity undertaken by us, applicable labor laws and regulations include the following:

- The Employee’s Compensation Act, 1923;
- Employees’ State Insurance Act, 1948;
- The Payment of Gratuity Act, 1972;
- The Code on Wages, 2019;
- The Maternity Benefit Act, 1961;
- The Employee’s State Insurance Act, 1948;
- The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- The Industrial Disputes Act, 1947;
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

In order to rationalize and reform labour laws in India, the Central Government intended to frame four labour codes, namely: (i) the Code on Wages, which has already been enacted; (ii) Code on Industrial Relations; (iii) the Labour Code on Social Security and Welfare; and (iv) the Code on Occupational Safety, Health and Working Conditions.



## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on 28 September, 2017 under the Companies Act, 2013 with the Registrar of Companies, Kolkata. The registered office of our Company is situated at 2, Red Cross Place, Kolkata - 700001. The Corporate Identification Number (CIN) of our Company is U74999WB2017PLC222970.

Prior to the Composite Scheme of Arrangement approved by Hon'ble NCLT, Kolkata Bench, amongst HSIL Limited, SHIL and Brilloca Limited and their respective shareholders and creditors, our Company was a wholly owned subsidiary company of HSIL Limited. Pursuant to the Scheme becoming effective, (i) Consumer Products Distribution and Marketing Undertaking of HSIL and (ii) Retail Undertaking of HSIL has been demerged from HSIL and vested into our Company from the Appointed Date of the Scheme, i.e. 01 April, 2018.

Pursuant to the vesting of aforesaid undertakings of HSIL in the Company, the Company is now engaged in 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 scheme and retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Scheme.

Further, pursuant to the vesting of Building Products Distribution and Marketing Undertaking of HSIL in Brilloca Limited, our wholly owned subsidiary, Brilloca Limited is now engaged in branding, marketing, sales, distribution, trading, service, etc. in the business of comprehensive bathroom solutions that include sanitaryware, faucets, plastic pipe and fittings, wellness products and other allied products such as 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.

### Our Main Objects

The main objects of our Company as set forth in the Memorandum of Association of our Company are as follows:

1. To import, export, buy, sell, process, manufacture and deal 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, Furnitures 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.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)
2. To carry on any other business which may seem to the Company capable of being conveniently carried on and to deal in all kinds of goods and merchandise, machinery, apparatus and materials.
3. To carry on in India or elsewhere any trade business and the export and import of all kinds of produce and merchandise and also business as agents, brokers, factors, financiers, shippers, manufacturers, planters, contractors, engineers, dealers, ship owners, lighter men, carriers by land and sea, dock owners wharfingers and warehouse men.
4. To carry on the business of paviors of and dealers in 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 and ceramic wares and sanitary wares.
5. To Produce, refine, prepare import, export, purchase, sell, treat and generally to deal in all kinds of 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 building materials generally.
6. To produce, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of cement (ordinary white coloured Portland alumina blast furnace, silica etc.), cement products of any description (pipes, poles, asbestos sheets, blocks tiles, garden wares etc.)

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.



## Changes in the activities of our Company

There have been no changes in the activities of our Company since incorporation, which may have a material adverse effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

## Holding Company

Our Company does not have a holding company.

## Subsidiary Companies

Given below is the list of subsidiary companies of our Company. None of the subsidiary companies is listed and have made any public issue in the preceding three years.

### 1. Hindware Home Retail Private Limited ("HHRPL")

Hindware Home Retail Private Limited was originally incorporated as Samridhi Suppliers Private Limited on 24 November, 2005 under the Companies Act, 1956 with the Registrar of Companies, Kolkata. The name of HHRPL was changed to Hindware Home Retail Private Limited and fresh Certificate of Incorporation was issued on 28 November, 2006. Presently its registered office is located at 2, Red Cross Place, Kolkata-700001 and CIN is U51109WB2005PTC106307. It is engaged in the retail business of furniture's, modular kitchen, home décor and home furnishing through online channel and also engaged in institutional sales on pan India basis. The equity shares of HHRPL are not listed on any stock exchange.

The Authorised Share Capital of HHRPL is Rs. 1,40,00,00,000 comprising of 5,00,00,000 equity shares of Rs. 10/- each and 90,00,000, 0% non-cumulative redeemable preference shares of Rs. 100/- each. The Issued, Subscribed and Paid up capital is Rs.2,43,80,000 comprising of 6,40,000 equity shares of Rs. 10/- each and 1,79,800, 0% non-cumulative redeemable preference shares of Rs. 100/- each.

Hindware Home Retail Private Limited is a wholly owned subsidiary of our Company.

## Board of Directors

- Mr. Ram Babu Kabra
- Mr. Niranjana Kumar Goenka
- Mr. Girdhari Lal Sultania

## Financial performance

The audited financial results of Hindware Home Retail Private Limited for the financial years ended 31 March, 2019, 2018 and 2017 are set forth below:

	(Rs. in Lakh)		
Particulars	March 31, 2019	March 31, 2018	March 31, 2017
Equity Share Capital	64.00	64.00	64.00
Reserves & Surplus (excluding revaluation reserve)	(81.65)	(108.94)	(92.42)
Net Worth	(17.65)	(44.94)	(28.42)
Total Revenue	803.25	777.88	320.03
Net profit / (loss) after tax	27.23	(20.16)	(96.70)
EPS (in Rs.) of face value Rs. 10/- each			
Basic	4.25	(3.15)	(15.11)
Diluted	4.25	(3.15)	(15.11)
Net Asset Value per share	(2.75)	(7.02)	(4.44)

\* Financial summary as per IND AS.



## 2. Luxxis Heating Solutions Private Limited ("LHSPL")

Luxxis Heating Solutions Private Limited was incorporated on 26 December, 2017 under the Companies Act, 2013 with the Registrar of Companies, Kolkata. Presently its registered office is located at 2, Red Cross Place, Kolkata-700001 and CIN is U74999WB2017PTC224015. The main objective of LHSPL is to import, export, produce, buy, sell, process, manufacture, assemble and deal in all kinds of water heaters, electrical equipments and appliances. The equity shares of LHSPL are not listed on any stock exchange.

The Authorised Share Capital of LHSPL is Rs. 50,00,000 comprising of 5,00,000 equity shares of Rs.10/- each. The Issued, Subscribed and Paid up share capital is Rs. 20,00,000 comprising of 2,00,000 equity shares of Rs.10/- each.

Luxxis Heating Solutions Private Limited is a subsidiary of our Company

### Shareholding Pattern

Name	No. of equity shares	% of shareholding
Somany Home Innovation Limited	199,999	99.99
Mr. Ravi Kedia	1	0.1
<b>Total</b>	<b>2,00,000</b>	<b>100</b>

### Board of Directors

- Mr. Sandip Somany
- Mr. Girdhari Lal Sultania
- Mr. Niranjana Kumar Goenka

### Financial performance

The audited financial results of Luxxis Heating Solutions Private Limited for the financial years ended 31 March, 2019, 2018 and 2017 are set forth below:

Particulars	(Rs. in Lakh)		
	March 31, 2019	March 31, 2018	March 31, 2017 <sup>#</sup>
Equity Share Capital	20.00	20.00	-
Reserves & Surplus (excluding revaluation reserve)	(1.51)	(1.79)	-
Net Worth	18.49	18.21	-
Total Revenue	1.31	0.15	-
Net profit / (loss) after tax	0.28	(1.79)	-
EPS (in Rs.) of face value Rs. 2/- each			
Basic	0.14	(0.90)	-
Diluted	0.14	(0.90)	-
Net Asset Value per share	9.24	9.10	-

\*Financial summary as per IND AS.

# Since the Company was incorporated on 26 December, 2017, financial results for the financial year ended 31 March, 2017 are not available.

## 3. Brilloca Limited

Brilloca Limited was incorporated on 02 November, 2017 under the Companies Act, 2013 with the Registrar of Companies, Kolkata. Presently its registered office is located at 2, Red Cross Place, Kolkata-700001 and CIN is U74999WB2017PLC223307. The main objective of Brilloca Limited is to import, export, produce, refine, buy, sell, process, manufacture and deal 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 & 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.). The equity shares of Brilloca Limited are not listed on any stock exchange.

The Authorised Share Capital of Brilloca Limited is Rs. 10,00,000 comprising of 5,00,000 equity shares of Rs.2/- each. The Issued, Subscribed and Paid up share capital is Rs. 10,00,000 comprising of 5,00,000 equity shares of Rs.2/- each.



Brilloca Limited is a wholly owned subsidiary of our Company.

#### Board of Directors

- Mr. Sandip Somany
- Mr. Girdhari Lal Sultania
- Mr. Niranjana Kumar Goenka
- Mr. Salil Kumar Bhandari
- Mr. Ashok Jaipuria
- Dr. Rainer Siegfried Simon

#### Financial performance

The audited financial results of Brilloca Limited (Pre - Scheme) for the financial years ended 31 March, 2019, 2018 and 2017 are set forth below:

	(Rs. in Lakh)		
Particulars	March 31, 2019	March 31, 2018	March 31, 2017 <sup>#</sup>
Equity Share Capital	10.00	10.00	-
Reserves & Surplus (excluding revaluation reserve)	(1.68)	(1.22)	-
Net Worth	8.32	8.78	-
Total Revenue	0.61	0.07	-
Net profit / (loss) after tax	(0.46)	(1.22)	-
EPS (in Rs.) of face value Rs. 2/- each			
Basic	(0.09)	(0.24)	-
Diluted	(0.09)	(0.24)	-
Net Asset Value per share	1.66	1.76	-

\* Financial summary as per IND AS.

# Since the Company was incorporated on 02 November, 2017, financial results for the financial year ended 31 March, 2017 are not available.

#### 4. Hintastica Private Limited (HPL)

Hintastica Private Limited was incorporated on 14 November, 2019 under the Companies Act, 2013 with the Registrar of Companies, Kolkata. Presently its registered office is located at 2, Red Cross Place, Kolkata-700001 and CIN is U31909WB2019PTC234717. The main objective of HPL is to import, export, produce, buy, sell, process, manufacture, assemble and deal in all kinds of water heaters, electrical equipments and appliances etc. The equity shares of HPL are not listed on any stock exchange.

The Authorised Share Capital of HPL is Rs. 50,00,000 comprising of 5,00,000 equity shares of Rs.10/- each. The Issued, Subscribed and Paid up share capital is Rs. 20,00,000 comprising of 2,00,000 equity shares of Rs.10/- each.

Hintastica Private Limited is a wholly owned subsidiary of our Company.

#### Board of Directors

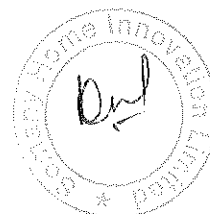
- Mr. Sandip Somany
- Mr. Girdhari Lal Sultania
- Mr. Niranjana Kumar Goenka
- Mr. Rakesh Kaul

#### Financial performance

Since Hintastica Private Limited was incorporated on November 14, 2019, financial results for the financial years ended 31 March 2019, 31 March 2018 and 31 March, 2017 are not available.

#### Stepdown Subsidiaries

- Halis International Limited (subsidiary of Brilloca Limited)



- Alchemy International Cooperatief U.A. (subsidiary of Halis International Limited)
- Haas International B.V. (subsidiary of Alchemy International Cooperatief U.A.)
- Queo Bathroom Innovations Limited UK (subsidiary of Haas International B.V.)

#### **Outstanding Litigations**

For details on litigations and disputes pending against our subsidiary companies, please refer to the section titled '*Outstanding Litigations and Material Developments*' on page 164 of the Information Memorandum.

#### **Strategic Alliance/ Tie-up**

As on the date of the Information Memorandum, we have no strategic alliances. However, we have a product sourcing tie-up with Groupe Atlantic (Europe's brand in heating solutions), a Euro 1.8 billion conglomerate, for water heaters.

#### **Financial Partners**

As on the date of the Information Memorandum, we do not have any financial partners.

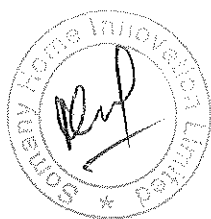
#### **Joint Venture**

As on date of the Information Memorandum, we do not have any Joint Ventures.

#### **Other Confirmations**

Except the contracts / agreements entered in the ordinary course of the business carried on or intended to be carried on by our Company, we have not entered into any other agreement / contract as on the date of this Information Memorandum.

As on the date of the Information Memorandum, other than pursuant to the Scheme, there has been no acquisition of business, undertakings, mergers, amalgamations or revaluation of assets.





## SCHEME OF ARRANGEMENT

Following are the salient features of the Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors.

*Capitalised terms used herein, but if not defined shall have the meaning assigned to them in the Scheme.*

### I. DEFINITIONS

- “**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;
- “**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;
- “**BPDM Undertaking**” means and includes all the activities, business, operations and undertakings of, and relating to, the distribution and marketing activities of the building products division of the Demerged Company, including storing, transporting, selling, distributing and trading in various building products like, sanitaryware, faucets, UPVC and CPVC pipes, tiles, fittings and other wellness and allied products, including water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, bathroom faucets, kitchen faucets, bath tubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers and PVC cisterns etc., through its chain of distributors, dealers, sub-dealers, display centers, modern trade channels, e-commerce, etc., relating to the sale of such products of the building products division. Without prejudice and limitation to the generality of the above, the BPDM Undertaking means and includes, without limitation, the following:
  - (i) all Assets pertaining to or relatable to the BPDM Undertaking, wherever situated, including but not limited to all trademarks, trademark applications, trade names, and other Intellectual Property Rights that are determined by the Board of Directors of the Demerged Company as relating to the BPDM Undertaking (including, but not limited to, the registered trademarks identified in Schedule I),
  - (ii) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions pertaining to the BPDM Undertaking, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto,
  - (iii) all contracts, tenancies, agreements, memoranda of understanding, leases, leave and licenses, bids, tenders, expressions of interest, letters of intent, commitments (including to clients and other third parties), hire purchase arrangements, purchase orders, invoices, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, in connection with, or relatable to, the BPDM Undertaking,
  - (iv) taxes, share of advance tax, tax deducted at source and minimum alternate tax credits (including but not limited to credits in respect of any indirect taxes, including goods and services tax (GST)), deferred tax benefits and other benefits in respect of the BPDM Undertaking, cash balances, bank accounts and bank balances, in connection with or relating to the BPDM Undertaking,
  - (v) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the BPDM Undertaking,
  - (vi) employees of the Demerged Company that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the BPDM Undertaking, on the date immediately preceding the Effective Date and contributions, if any, made towards any insurance,

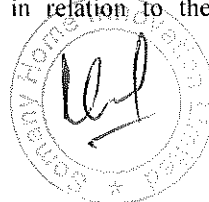


provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these Funds, which are relatable to such Transferred Employees,

- (vii) all Liabilities, present, future and the contingent, pertaining to or relatable to the BPDM Undertaking,
- (viii) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including arbitrations and show cause notices) of whatsoever nature, by or against the Demerged Company, pending as on the Appointed Date and relating to the BPDM Undertaking, and
- (ix) any other Asset or Liability specifically allocated by the Board of Directors of the Demerged Company as relating to or belonging to the BPDM Undertaking,

The Board of Directors of the Demerged Company shall have the absolute right to include or exclude any product or service from the definition of “BPDM Undertaking” and the determination of the Assets or Liabilities pertaining to or 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);

- **“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,
  - (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);

- **“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;
- **“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;
- **“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;
- **“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;
- **“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;
- **“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;
- **“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;
- **“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, 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);

- **"Scheme"** means this Composite Scheme of Arrangement in its present form, or with any modifications, as may be approved by the Hon'ble Tribunal.
2. The Composite Scheme of Arrangement 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, as applicable, for:
- (i) Demerger of the CPDM Undertaking and the Retail Undertaking 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 from the Demerged Company and transfer and vesting of the same, as a going concern, to Resulting Company 2.

Additionally, the Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

### 3. RATIONALE FOR THE SCHEME

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 above (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 above (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 above (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 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 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.
  - The 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.
  - The implementation of this 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;
    - (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.

- The Scheme is in the interest of all the Companies, including their respective stakeholders and creditors.

#### 4. CONSIDERATION

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.

#### 5. CANCELLATION OF EQUITY SHARES HELD BY THE DEMERGED COMPANY IN RESULTING COMPANY 1

Simultaneous with the issuance of the New Equity Shares, in accordance with Paragraph 9.2 of the 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.

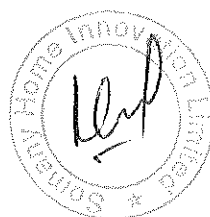
#### 6. LISTING

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 of the Scheme 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.

**NOTE: THE FEATURES SET OUT ABOVE BEING ONLY THE SALIENT FEATURES OF THE SCHEME. THE EQUITY SHAREHOLDERS ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME TO GET FULLY ACQUAINTED WITH THE PROVISIONS THEREOF AND THE RATIONALE OF THE SCHEME.**

#### Approvals with respect to the Scheme

The Hon'ble NCLT, Kolkata vide its Order dated 26 June, 2019 (certified copy received by the Company on 24 July, 2019) has sanctioned the Composite Scheme of Arrangement. In accordance with the said Scheme, the new equity shares of our Company shall be listed and admitted to trading on the BSE and NSE subject to applicable regulations. Such listing and admission for trading will be subject to other terms and conditions as may be prescribed by the Stock Exchanges at the time of application by our Company seeking listing.



## OUR MANAGEMENT

As on the date of this Information Memorandum, our Board of Directors comprises of 6 (six) Directors, out of which 1 (one) is Non-Independent Executive Director, 3 (three) are Independent Non- Executive Directors, and 2 (two) are Non-Independent Non- Executive Directors including a woman Director. The composition of the Board of Directors is in compliance with the Companies Act, 2013 and the SEBI LODR Regulations.

### Board of Directors

The following table sets forth details regarding our Board of Directors as on date of this Information Memorandum:

Name, Designation, Date of Birth, Address DIN, Occupation, Date of appointment and Tenure	Age (Years)	Nationality	Directorship / Partnership in other entities (including foreign companies)
<b>Mr. Sandip Somany</b> <b>Designation:</b> Chairman (Non-Independent Non-executive Director) <b>Date of Birth:</b> 16-12-1963 <b>Address:</b> 13, Golf Links, Lodhi Road, New Delhi-110003 <b>DIN:</b> 00053597 <b>Occupation:</b> Industrialist <b>Date of Appointment:</b> 28 September 2017 <b>Tenure:</b> Not liable to retire by rotation	55 years	Indian	<b>Public limited companies</b> (a) JK Paper Limited (b) HSIL Limited (c) PACO Exports Limited (d) Indian Council of Sanitaryware Manufactures (e) Brilloca Limited (f) Federation of Indian Chamber of Commerce and Industry  <b>Private limited companies</b> (a) Somany Faucets and Showers Private limited (b) Grindlay Properties Private Limited (c) Luxxis Heating Solutions Private Limited (d) Hintastica Private Limited
<b>Mr. Rakesh Kaul</b> <b>Designation:</b> Whole-time Director & CEO (Executive Non-Independent Director) (Additional Director) <b>Date of Birth:</b> 11-06-1970 <b>Address:</b> A-201, Hamilton Heights, Palla Sarai Road, Near Kanishka Towar, Sector-37, Amarnagar, Faridabad, Haryana - 121003 <b>DIN:</b> 08560772 <b>Occupation:</b> Service <b>Date of Appointment:</b> 17 September, 2019 <b>Tenure:</b> 3 Years and liable to retire by rotation	49 years	Indian	<b>Private limited companies</b> (a) Hintastica Private Limited
<b>Mrs. Sumita Somany</b> <b>Designation:</b> Director (Non-Executive Non-Independent) (Additional Director) <b>Date of Birth:</b> 25-09-1966 <b>Address:</b> 13, Golf Links, Lodhi Road, New Delhi-110003 <b>DIN:</b> 00133612 <b>Occupation:</b> Industrialist <b>Date of Appointment:</b> 14 September, 2019 <b>Tenure:</b> Liable to retire by rotation	53 years	Indian	<b>Public limited companies</b> (a) HSIL Limited (b) PACO Exports Limited  <b>Private limited companies</b> (a) Four Corners Properties Private Limited
<b>Mr. Nand Gopal Khaitan</b> <b>Designation:</b> Director (Non-Executive Independent) (Additional Director) <b>Date of Birth:</b> 21-05-1951 <b>Address:</b> 3, Queens Park, Kolkata-700019 <b>DIN:</b> 00020588 <b>Occupation:</b> Professional <b>Date of Appointment:</b> 14 September, 2019	68 years	Indian	<b>Public limited companies</b> (a) HSIL Limited (b) Mangalam Timber Products Limited (c) Mangalam Cement Limited (d) Reliance Chemotex Industry Limited (e) India Power Corporation Limited (f) JK Lakshmi Cement Limited (g) Chase Bright Steel Limited



Name, Designation, Date of Birth, Address DIN, Occupation, Date of appointment and Tenure	Age (Years)	Nationality	Directorship / Partnership in other entities (including foreign companies)
Tenure: 5 Years not liable to retire by rotation			<b>Private Limited Companies</b> (a) Xenis Servis Private Limited (b) Ushodaya Marketing Private Limited (c) Rowdon Business Private Limited (d) Srijan Vinimay Private Limited  <b>Other firms</b> (a) Triumphant Properties LLP (b) Khaitan & Co. LLP (c) Bharat Chamber of Commerce
<b>Mr. Ashok Jaipuria</b> <b>Designation:</b> Director (Non-Executive Independent) (Additional Director) <b>Date of Birth:</b> 11-09-1953 <b>Address:</b> 1/27, Shanti Niketan, Moti Bagh, Chanakya Puri, New Delhi- 110021 <b>DIN:</b> 00214707 <b>Occupation:</b> Industrialist <b>Date of Appointment:</b> 14 September, 2019 <b>Tenure:</b> 5 Years not liable to retire by rotation	66 years	Indian	<b>Public limited companies</b> (a) HSIL Limited (b) Cosmo Films Limited (c) Brilloca Limited
<b>Mr. Salil Kumar Bhandari</b> <b>Designation:</b> Director (Non-Executive Independent) (Additional Director) <b>Date of Birth:</b> 28-11-1957 <b>Address:</b> A-42 Ground Floor, Chittranjan Park New Delhi -110019 <b>DIN:</b> 00017566 <b>Occupation:</b> Professional <b>Date of Appointment:</b> 14 September, 2019 <b>Tenure:</b> 5 Years not liable to retire by rotation	62 years	Indian	<b>Public limited companies</b> (a) HSIL Limited (b) Greenpanel Industries Limited (c) Ginni International Limited (d) Synergy Environics Limited (e) Brilloca Limited  <b>Private Limited Companies</b> (a) Integrated Outsourcing Solutions Private Limited (b) Safal Skills Development Private Limited

#### Brief Profile of our Directors:

##### Mr. Sandip Somany

Mr. Sandip Somany, aged about 55 years is the Chairman of our Company. He holds a Graduate degree and a diploma in Ceramic Manufacturing technology from US. He has over 34 years of experience in the ceramics and glass industry.

He is currently on the Board and the President of Federation of Indian Chambers of Commerce and Industry (FICCI). He is also a Member of Managing Committee of The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Chairman of the Indian Council of Sanitaryware Manufactures (INCOSAMA) and Member of the Governing Council of All India Glass Manufacturer's Association. He is Past-President of PHD Chamber of Commerce and Industry (PHDCCI), Past-President of International Chamber of Commerce – (head quarter in Paris) India Chapter.

##### Mr. Rakesh Kaul

Mr. Rakesh Kaul, aged 49 years is the Whole-time Director & CEO of our Company. He holds a Master's degree in Foreign Trade from the Symbiosis Institute of Management Studies. He also holds a Master's degree in Business Administration from The Institute of Management Studies, Kurukshetra, and a Bachelor's in Science degree from the Delhi University. He has over 24 year of experience. He has worked with leading companies such as Reliance Retail, The Times Group, Onida and Whirlpool spanning across diverse sectors and industries that includes Consumer Durables, E-commerce, Retail, Mobility Business. He was part of the leadership team that was driving the incredible retail expansion at Reliance Retail for formats like Hypermarkets and Reliance Fresh across the country.





**Mrs. Sumita Somany**

Mrs. Sumita Somany, aged 53 years is the Non-executive Non-Independent Director of our Company. She holds Graduate degree. She is a professional with insight and expertise in the domain of home interiors with more than 10 years of experience and has been instrumental in expansion of the Company.

**Mr. Nand Gopal Khaitan**

Mr. Nand Gopal Khaitan, aged 68 years is the Independent Director of our Company. He is an Attorney-At-Law, Advocate and Notary, practicing in the Hon'ble High Court Calcutta and the Hon'ble Supreme Court of India. He is a Senior Partner of Khaitan & Co., one of the leading firms in India having experience in legal profession. He holds the reputation of being a committee member of the Federation of Indian Chambers of Commerce and Industry (FICCI), President of Indian Council of Arbitration, New Delhi and Vice President of the Bharat Chamber of Commerce, Calcutta and executive committee member of two leading schools in Kolkata. He was awarded Bell Chamber's Gold Medal by the Incorporated Law Society, Calcutta High Court, for standing first in all the Law examinations.

**Mr. Ashok Jaipuria**

Mr. Ashok Jaipuria, aged 66 years is the Independent Director of our Company. He holds Degree in Associate of Arts in Business Administration and Diploma in Marketing Science. He is the Chairman and Managing Director of Cosmo Films Ltd., a businessman with strong vision who made Cosmo Films Ltd., the largest Biaxially Oriented Polypropylene (BOPP) film manufacturer and exporter. He is a Member of the Board of Governors of Public Health Foundation of India (PHFI), Gurugram. He was a member of the Board of Governors of the Indian Institute of Technology, Indore & Patna. He was a member of the Executive Committee of the Federation of Indian Chamber of Commerce and Industry (FICCI) as well as institute of Liver & Biliary Sciences and The Golf Foundation, a charitable society formed with an objective of helping the under privileged potential golfers in India. He is founder trustee of Cosmo Foundation, an organisation to impart education to the underprivileged.

**Mr. Salil Kumar Bhandari**

Mr. Salil Kumar Bhandari, aged 62 years is the Independent Director of our Company. He is a Fellow member of Institute of Chartered Accountants of India, B.Com. (Hons.), and holds Diploma in Business Administration. He is the founder and Managing Partner of BGJC & Associates LLP, which is a well-audit and management consulting firm based in New Delhi. He has been counselling top management in several areas of strategy implementation, scaling up of business, organisational development and management & family structures. He brings with him valuable experience and tactical know-how in the areas of devising acquisition strategies, international alliances and JVs and organizational restructuring. Mr. Bhandari has been associated with several associations prior to this position. He has been the President of PHD Chamber of Commerce and industry, served as the head for Society for Integrated Development of Himalayas (SIDH), member of Task Force – Commission on Centre State Relations, Govt. of India, Managing Committee member at ASSOCHAM, Former Member - Advisory Committee, Dept. of Company Affairs, Govt. of India. He is currently on the Board of the Indian Institute of Management (IIM), Indore. He is a member of the National Executive Committee of the Federation of Indian Chamber of Commerce and Industry (FICCI).

**Relationship between Directors**

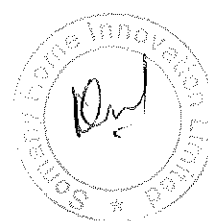
None of our Directors are related to each other, in terms of Companies Act, 2013 except the following:

Sr. No.	Name of the Director	Related to	Nature of Relationship
1.	Mr. Sandip Somany	Mrs. Sumita Somany	Husband and Wife

**Details of Directorship in Companies suspended or delisted**

None of the Directors is or was a director of any listed company whose shares have been/were suspended from being traded on any of the Stock Exchanges during the last five years prior to the date of this Information Memorandum, during the term of her/his directorship in such company.

None of our Directors is, or was, a director of any listed company, which has been or was delisted from any stock exchange, during the term of her/his directorship in such company.



### Arrangement or understanding with major shareholders, customers, suppliers or others

None of our Directors have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

### Service contracts with Directors

There are no service contracts entered into between any of our Directors and our Company for provision of any benefits upon termination of directorship.

### Borrowing Powers of our Board of Directors

In accordance with our Articles of Association and subject to the provisions of the Companies Act, the Board may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, borrow any sum of money for the purpose of our Company and the Board may secure repayment of such money in such manner and upon such terms and conditions in all respects as it thinks fit. Pursuant to a special resolution dated 05 January, 2019 passed by the shareholders of our Company in its Extraordinary General Meeting, in accordance with section 180 of the Companies Act, the Board is authorized to borrow up to an amount Rs. 1000 Crores and for creation of charge/providing security for the sum borrowed on the assets of our Company.

### Remuneration of our Directors

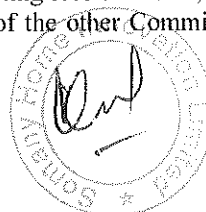
#### Remuneration to Executive Directors

The significant terms of appointment of Mr. Rakesh Kaul as Whole Time Director & CEO of the Company are as follows:

<b>Tenure of Appointment</b>	Appointed as Whole Time Director & CEO w.e.f. 17 September, 2019 till 16 September, 2022 (3 years and liable to retire by rotation).
<b>Salary Perquisites and Benefits</b>	<p>Remuneration: Gross Monthly remuneration of Rs. 13,34,368/- with such annual increments as may be decided by the Board of Directors (which includes any committee thereof) from time to time whether paid as salary and/or allowance(s) or a combination thereof.</p> <p>The aforesaid remuneration includes perquisites which shall be paid on the terms and conditions of the Appointment Letter in accordance with the provisions of the Income Tax Act, 1961. However, the following perquisites shall not be included in computation of ceiling on remuneration:</p> <ol style="list-style-type: none"><li>1. Contribution to provident fund, superannuation fund or annuity fund, as per rules of the Company.</li><li>2. Gratuity payable as per rules of the Company</li><li>3. Encashment of leave at the end of tenure, as per rules of the Company.</li><li>4. Any other perquisites as may be required under provisions of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof, for the time being in force.</li></ol> <p>Vehicle Allowance: Provision of Company owned car as per the Company's car policy in addition to the aforesaid gross monthly remuneration.</p> <p>Performance Linked Incentive: The Performance Linked Incentive is not included in the aforesaid gross monthly remuneration and is payable annually as per the Company's policy.</p>

#### Remuneration to Non-executive Directors

The Non-executive Directors of our Company are eligible for payment of sitting fees of Rs. 10,000/- for every meeting of the Board of Directors and a sitting fee of Rs. 5,000/- for every meeting of the other Committees of the Board except



Corporate Affairs Committee of Board of Directors.

#### Bonus or profit sharing plan for our Directors

None of our Directors are party to any bonus or profit sharing plan of our Company.

#### Shareholding of our Directors as on date the Information Memorandum

Sr. No.	Name of Director	No. of Equity Shares	% of holding
1.	Mr. Sandip Somany	22,83,563	3.16
2.	Mr. Rakesh Kaul	Nil	0.00
3.	Mrs. Sumita Somany	1,61,000	0.22
4.	Mr. Nand Gopal Khaitan	132	0.00
5.	Mr. Ashok Jaipuria	25,000	0.03
6.	Mr. Salil Kumar Bhandari	Nil	0.00

#### Interest of Directors

All of our directors may be deemed to be interested to the extent of their shareholding, remuneration / fees, if any, payable to them, for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration paid in their professional capacity and / or reimbursement of expenses, if any, payable to them and to the extent of related party transactions.

Except as stated above our Directors do not have any other interest in our business.

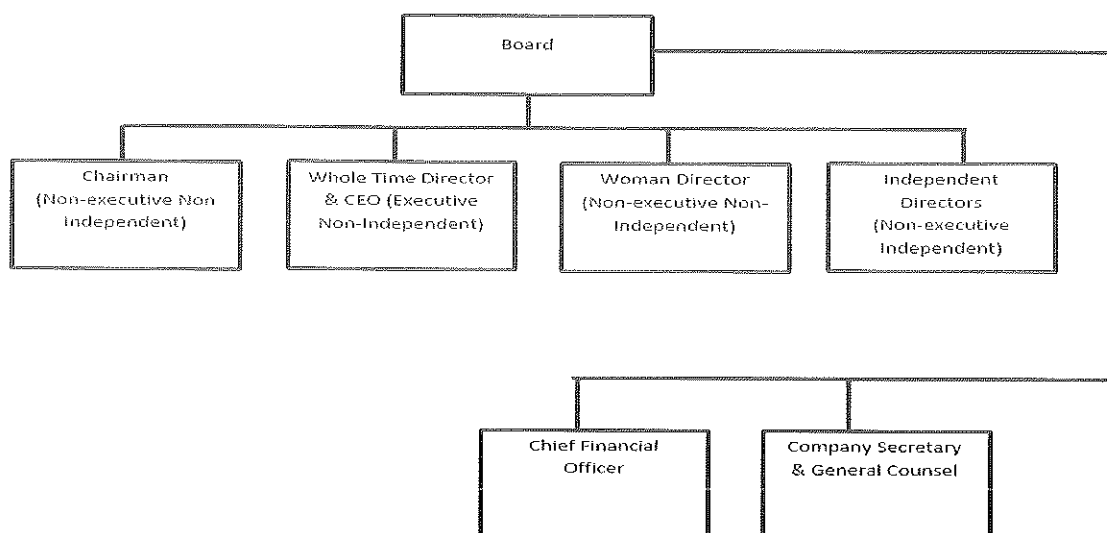
#### Changes in the Board of Directors in the last three years

Except the following, there has been no change in the Board of Directors of our Company during the last three years:

Name of Director	Designation	Date of Appointment	Change in Designation	Date of cessation
Mr. Girdhari Lal Sultania	Director	28/09/2017	06/09/2018	17/09/2019
Mr. Niranjana Kumar Goenka	Director	28/09/2017	06/09/2018	17/09/2019
Mrs. Sumita Somany	Additional Director (Non-executive Non-Independent)	14/09/2019	-	-
Mr. Rakesh Kaul	Additional Director (Executive Non-Independent)	17/09/2019	-	-
Mr. Nand Gopal Khaitan	Additional Director (Independent)	14/09/2019	-	-
Mr. Ashok Jaipuria	Additional Director (Independent)	14/09/2019	-	-
Mr. Salil Kumar Bhandari	Additional Director (Independent)	14/09/2019	-	-

#### Management Organization Structure





## Corporate Governance

Upon entering into the listing agreement pursuant to the provisions of the SEBI (LODR) Regulations with the Stock Exchanges, various compliances including with respect to corporate governance become applicable to us immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. To comply therewith, our Company has appointed Independent Directors to its Board and constituted the following Committees of the Board:

### 1. Audit Committee

The Audit Committee was constituted by our Board in its meeting held on 14 September, 2019 in accordance with the requirements of section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations. The Audit Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Mr. Salil Kumar Bhandari	Independent Director	Chairman
2.	Mr. Nand Gopal Khaitan	Independent Director	Member
3.	Mr. Ashok Jaipuria	Independent Director	Member
4.	Mr. Sandip Somany	Non-executive Non-Independent Director	Member

Our Company Secretary is the Secretary to the Committee. All members of the Audit Committee have requisite accounting and financial management expertise.

### 2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was re-constituted by our Board in its meeting held on 17 September, 2019 in accordance with the requirements of section 178 of Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations. The Nomination and Remuneration Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Mr. Salil Kumar Bhandari	Independent Director	Chairman
2.	Mr. Nand Gopal Khaitan	Independent Director	Member
3.	Mr. Sandip Somany	Non-executive Non-Independent Director	Member

Our Company Secretary is the Secretary to the Committee.

### 3. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by our Board in its meeting held on 17 September, 2019 in accordance with the requirements of section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations. The Stakeholders' Relationship Committee presently comprises of:



Sr. No.	Name of Member	Designation	Remarks
1.	Mr. Salil Kumar Bhandari	Independent Director	Chairman
2.	Mr. Nand Gopal Khaitan	Independent Director	Member
3.	Mr. Rakesh Kaul	Executive Non Independent Director	Member

Our Company Secretary is the Secretary to the Committee.

#### Key Management Personnel

The following are Key Managerial Personnel of our Company:

Name	Designation	Age (years)	Qualification	Experience (years)	Date of Joining	Previous Employment
Mr. Rakesh Kaul	Whole Time Director & CEO	49	Master's degree in Foreign Trade and Business Administration	24	17/09/2019	President and CEO at HSIL Limited
Mr. Naveen Malik	Chief Financial Officer	48	Chartered Accountant and L.L.B	24	17/09/2019	VP & Head Corporate Finance, HSIL Limited
Mrs. Payal M Puri	Company Secretary	44	L.L.B and Company Secretary	17	17/09/2019	Company Secretary & V.P. General Counsel at HSIL Limited

All the Key Managerial Personnel are permanent employees.

#### Brief Profile of Key Management Personnel:

##### Mr. Rakesh Kaul

Mr. Rakesh Kaul, aged 49 years is the Whole-time Director & CEO of our Company. He holds a Master's degree in Foreign Trade from the Symbiosis Institute of Management Studies. He also holds a Master's degree in Business Administration from The Institute of Management Studies, Kurukshetra, and a Bachelor's in Science degree from Delhi University. He has over 24 year of experience. He has worked with leading companies such as Reliance Retail, The Times Group, Onida and Whirlpool spanning across diverse sectors and industries that includes Consumer Durables, E-commerce, Retail, Mobility Business. He was part of the leadership team that was driving the incredible retail expansion at Reliance Retail for formats like Hypermarkets and Reliance Fresh across the country.

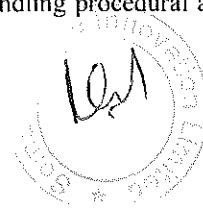
##### Mr. Naveen Malik

Mr. Naveen Malik is the Chief Financial Officer of our Company. He is a Chartered Accountant, LL.B. and a Commerce graduate from Delhi University with over 24 years of diverse and rich industry experience in Project Finance, Investor Relations, International Foreign Currency Notes, Treasury, Business Support, Project Implementation, Overseas Subsidiaries, Indirect Taxation, Domestic Insurance & International Reinsurance Market, ERP Implementation, Internal Audit, Accounts & Finance functions. His prior experience includes stints with global conglomerates such as Godrej & Boyce Mfg Co. Ltd, Delhi International Airport Ltd (DIAL), GMR Group and HSIL Ltd.

He has successfully completed a certificate course in International Financial Reporting Standards conducted by ICAI and a NextGen Manager Program from Harvard Business School Publishing. In addition to this, he has completed Aviation Management program from Indian Institute of Management, Ahmedabad and a Foreign Trade Refresher program from Indian Institute of Foreign Trade, New Delhi.

##### Ms. Payal M Puri

Ms. Payal M Puri is a member of Institute of Company Secretaries of India and a LL.B from Delhi University. She is a competent professional with over 17 years' comprehensive experience as a Company Secretary and in-house counsel with extensive exposure spanning the entire range of corporate secretarial, securities laws, corporate governance, legal functions, litigation management, contract management for strategic alliance with International partners, developing compliance framework, good governance practices, designing, implementation of policies and procedures, insightful experience in handling board meetings, shareholders meetings, strong skills in handling procedural aspects of mergers,



demergers of group companies, mid to large sized IPO's, legal due diligences, GDR issues on the London Stock Exchange. She is a member of the Institute of Directors.

#### **Relationship of Key Managerial Personnel**

None of our Key Management Personnel are related to each other or to the Directors.

#### **Arrangement or understanding with major shareholders, customers, suppliers or others**

None of our Key Management Personnel have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

#### **Shareholding of Key Managerial Personnel of our Company as on date the Information Memorandum**

<b>Sr. No.</b>	<b>Name of Key Managerial Personnel</b>	<b>No. of Equity Shares</b>	<b>% of holding</b>
1.	Mr. Rakesh Kaul	Nil	0.00
2.	Mr. Naveen Malik	Nil	0.00
3.	Mrs. Payal M Puri	Nil	0.00

#### **Change in our Key Management Personnel in the last three years**

<b>Name of Key Managerial Personnel</b>	<b>Designation</b>	<b>Date of appointment</b>	<b>Date of cessation</b>
Mr. Rakesh Kaul	Whole Time Director & CEO	17/09/2019	-
Mr. Naveen Malik	Chief Financial Officer	17/09/2019	-
Mrs. Payal M Puri	Company Secretary	17/09/2019	-

#### **Payment or benefit to Key Management Personnel of our Company**

No amount or benefit has been paid or given within the two preceding years from the date of this Information Memorandum or is intended to be paid or given to any of our Key Management Personnel except the normal remuneration for services rendered in the capacity of being an employee.

#### **Employees**

Upon the Scheme becoming effective, all employees of each of the CPDM Undertaking and the Retail Undertaking of HSIL Limited were deemed to have become employees of our Company, 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 HSIL Limited, on the Effective Date i.e. 05 August, 2019. The services of such employees with HSIL Limited 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.

As on date of this Information Memorandum, our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme.



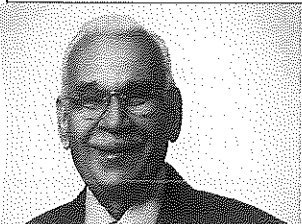
## OUR PROMOTERS, PROMOTER GROUP AND GROUP COMPANIES

### PROMOTERS

The Promoters of our Company are:

1. Dr. Rajendra Kumar Somany
2. Mr. Sandip Somany

Details of our Promoters are as follows:

Dr. Rajendra Kumar Somany	
	Date of Birth: 10-11-1937
	PAN: AIYPS6274J
	Aadhaar No.: 5854 8096 0242
	Residential Address: 13, Golf Links, Lodhi Road, Delhi - 110003

**Dr. R. K. Somany**, aged about 82 years, is a promoter of our Company. He is a commerce graduate from St. Xavier's College, Kolkata. He has more than 64 years of experience across various industries. . He is holding 34,10,000 (4.72%) equity share of our Company in his individual capacity.


His special achievements include:

- Active member of Rotary for past 57 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 'Trailblazer 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
- Fellow member of Institute of Directors
- Fellow member of Institute of Materials, Minerals and Mining, UK (IOM3)
- Life Fellow of the All India Management Association
- Emeritus member of American Ceramic Society

### Directorships:

- HSIL Limited
- HSIL Associates Limited
- Paco Exports Ltd
- Indian Plumbing Skills Council
- Four Corner Properties Private Limited
- Somany Faucets and Showers Private Limited (Dormant under section 455 of the Act)
- Global Institute of Plumbing and Design Excellence Private Limited (Dormant under section 455 of the Act)



Mr. Sandip Somany	
	Date of Birth: 16-12-1963
	PAN: AIYPS6270N
	Aadhaar No.: 4547 0586 4150
	Address: 13, Golf Links, Lodhi Road, Delhi - 110003

**Mr. Sandip Somany**, aged about 55 years, is a promoter of our Company. He is a commerce graduate and a diploma holder in Ceramic Manufacturing Technology from the United States (US). He has more than 34 years of work experience in the ceramics and glass industry. Presently, he is a Chairman of our Company. He is holding 22,83,563 (3.16 %) equity share of our Company in his individual capacity.

His special achievements include:

- Former President of PHD Chamber of Commerce and Industry (PHDCCI)
- Past-President of International Chamber of Commerce – (head quarter in Paris) India Chapter
- Currently on the Board and the President of Federation of Indian Chambers of Commerce and Industry (FICCI)
- Member of Managing Committee of The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Chairman of the Indian Council of Sanitaryware Manufactures (INCOSAMA)
- Member of the Governing Council of All India Glass Manufacturer's Association

#### Directorships:

- HSIL Limited
- JK Paper Limited
- Indian Council of Sanitaryware Manufactures
- Paco Exports Ltd
- Grindlay Properties Private Limited
- Brilloca Limited
- Luxxis Heating Solutions Private Limited
- Federation of Indian Chamber of Commerce and Industry
- Hintastica Private Limited
- Somany Faucets and Showers Private Limited (Dormant under section 455 of the Act)

#### OUR PROMOTER GROUP

In addition to our Promoters, the individuals and entities that form a part of the Promoter Group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.

##### *A. Natural Persons who are Part of the Promoter Group*

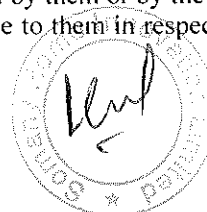
1. Mrs. Sumita Somany
2. Mrs. Divya Somany
3. Mr. Shashvat Somany

##### *B. Entities forming part of the Promoter Group*

1. Paco Exports Limited
2. Matterhorn Trust

#### Interest of Promoters

Our Promoters shall be deemed as interested to the extent of equity shares held by them or by the companies / firms / ventures promoted by them, if any, and dividend or other distributions payable to them in respect of the said equity





shares.

Further, our Promoter, Mr. Sandip Somany, is also director on the Board of our Company and may be deemed to be interested to the extent of fees, if any payable to him for attending meetings of the Board of Directors or a committee thereof as well as to the extent of remuneration, commission and reimbursement of expenses, if any payable to him as per the terms of his appointment. For further details, please see the section titled "*Our Management*" beginning on page 81 of this Information Memorandum.

Our promoters, Dr. Rajendra Kumar Somany and Mr. Sandip Somany, and one Individual from our Promoter Group, Mrs. Sumita Somany, are also directors on the Board of our Group Company namely, HSIL Limited and they may be deemed to be interested to the extent of the payments made or received by our Company, if any, to or from this Group Company.

Except as stated above and in the section titled "*Financial Statements*" on page 96 of the Information Memorandum, and to the extent of shareholding in our Company, our Promoters do not have any other interest in our business.

Our Promoters, Directors and Group Companies have no interest, whether direct or indirect, in any property acquired by our Company within the preceding two years from the date of this Information Memorandum or proposed to be acquired by it as on the date of this Information Memorandum, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

#### **Payment or benefit to Promoters of our Company**

No amount or benefit has been paid or given within the two preceding years from the date of this Information Memorandum or is intended to be paid or given to any of our Promoters or any member of our Promoter Group other than in the ordinary course of business.

#### **Related party transactions**

For details of related party transactions, please refer to section titled "*Financial Statements*" on page 96 of the Information Memorandum.

#### **Other confirmation**

No material guarantees have been given to third parties by our Promoters with respect to Equity Shares of our Company.

Our Promoters have not disassociated themselves from any Company or firm during the three years preceding the date of filing of this Information Memorandum.

Our Promoters have not been declared as willful defaulters by the RBI or any other Governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Our Promoters and Promoter Group entities have not been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoters are not and have never been a promoter, director or person in control of any other company which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of the Promoter Group Companies have made any public issue in the preceding three years. None of Promoter Group Companies fall under the definition of a sick company within the meaning of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, as amended or have been declared insolvent or bankrupt under the provisions of the Insolvency and Bankruptcy Code, 2016, as amended or have any insolvency or bankruptcy proceedings initiated against any of them and is not under winding up.

For details on litigations and disputes pending against the Promoters, please refer to the section titled '*Outstanding Litigations and Material Development*' on page 164 of the Information Memorandum.



## GROUP COMPANIES

In accordance with the SEBI ICDR Regulations and the applicable accounting standards, given below are the Group Companies of our Company. None of the Group Companies have made any public issue in the preceding three years. None of the Group Company fall under the definition of a sick company within the meaning of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, as amended or have been declared insolvent or bankrupt under the provisions of the Insolvency and Bankruptcy Code, 2016, as amended or have any insolvency or bankruptcy proceedings initiated against any of them and is not under winding up.

### 1. HSIL Limited ("HSIL")

HSIL Limited was originally incorporated as Hindusthan Twyford Limited on 08 February, 1960 under the Companies Act, 1956 with the Registrar of Companies, Kolkata. The name of HSIL was changed to Hindustan Sanitaryware & Industries Limited and a fresh certificate of incorporation was issued on 03 May, 1969. The name of HSIL was again changed to HSIL Limited and a fresh certificate of incorporation was issued on 24 March, 2009. The registered office of HSIL is situated at 2, Red Cross Place, Kolkata-700001. The CIN of HSIL is L51433WB1960PLC024539. HSIL 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. The equity shares of HSIL are listed on BSE and NSE.

The Authorised Share Capital of HSIL is Rs. 22,25,00,000 (Rupees Twenty Two Crores Twenty Five Lakhs only) comprising of 11,12,50,000 equity shares of Rs. 2/- each. The Issued Share Capital of HSIL is Rs. 14,46,00,440 (Rupees Fourteen Crores Forty Six Lakhs Four Hundred Forty only) comprising of 7,23,00,220 equity shares of Rs. 2/- each and subscribed and fully paid up share capital is Rs. 14,45,92,790 (Rupees Fourteen Crores Forty Five Lakhs Ninety Two Thousand Seven Hundred Ninety only) comprising of 7,22,96,395 equity shares of Rs. 2/- each.

### Board of Directors

- Dr. Rajendra Kumar Somany (Chairman and Managing Director)
- Mr. Sandip Somany (Vice Chairman and Managing Director)
- Mrs. Sumita Somany (Director)
- Mr. Girdhari Lal Sultania (Director)
- Mr. Ashok Jaipuria (Director)
- Mr. Salil Kumar Bhandari (Director)
- Mr. Vijay Bhandari Kumar (Director)
- Mr. Nand Gopal Khaitan (Director)

### Shareholding Pattern (As on 30 September, 2019)

Category	Category of shareholders	No. of shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a %age of total no. of shares (calculated as per SCRR, 1957)	No. of locked in shares		No. of shares pledged		No. of equity shares held in dematerialised form
					(as a % of (A+B+C))	No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(A)	Promoter &	7	3,56,72,819	3,56,72,819	49.34	NA	NA	NA	NA	3,56,72,819

	Promoter Group									
(B)	Public	33,728	3,66,23,576	3,66,23,576	50.66	NA	NA	NA	NA	3,59,51,875
(C)	Non Promoter Non Public	-	-	-	0.00	NA	NA	NA	NA	-
(C1)	Shares underlying DRs	-	-	-	0.00	NA	NA	NA	NA	-
(C2)	Shares held by Employee trust	-	-	-	0.00	NA	NA	NA	NA	-
	<b>Total</b>	<b>32,735</b>	<b>7,22,96,395</b>	<b>7,22,96,395</b>	<b>100.00</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>7,16,24,694</b>

## BSE

The high and low prices and associated volumes of securities traded during last three calendar years is as follows:

Period	High (in Rs.)	Date of High	Volume on date of high (no. of shares)	Low (in Rs.)	Date of Low	Volume on date of low (no. of shares)	Weighted Average Price (in Rs.)
2018	509.80	23/01/2018	14481	186.00	11/12/2018	6517	354.82
2017	564.35	24/11/2017	184115	271.65	04/01/2017	14203	389.65
2016	369.50	24/08/2016	20321	224.00	19/02/2016	8860	311.20

The high and low prices and associated volume of securities traded during the last six months is as follows:

Period	High (in Rs.)	Date of High	Volume on date of high (no. of shares)	Low (in Rs.)	Date of Low	Volume on date of low (no. of shares)	Weighted Average Price (in Rs.)
November 2019	59.95	05/11/2019	112724	44.70	18/11/2019	219939	48.47
October 2019	49.00	31/10/2019	33878	38.10	11/10/2019	3310	43.83
September 2019	53.00	03/09/2019	40732	40.45	30/09/2019	6257	47.32
August 2019	237.95	16/08/2019	5522	43.55	30/08/2019	7067	146.56
July 2019	262.95	01/07/2019	6709	215.00	31/07/2019	4300	238.56
June 2019	294.00	04/06/2019	4486	230.00	24/06/2019	11470	254.24

## NSE

The high and low prices and associated volumes of securities traded during last three calendar years is as follows:

Period	High (in Rs.)	Date of High	Volume on date of high (no. of shares)	Low (in Rs.)	Date of Low	Volume on date of low (no. of shares)	Weighted Average Price (in Rs.)
2018	513.60	23/01/2018	130082	191.00	11/12/2018	54548	323.76
2017	564.00	24/11/2017	1415076	277.00	02/01/2017	62585	396.21
2016	369.70	24/08/2016	130002	223.60	19/02/2016	111919	303.89

The high and low prices and associated volume of securities traded during the last six months is as follows:

Period	High (in Rs.)	Date of High	Volume on date of high (no. of shares)	Low (in Rs.)	Date of Low	Volume on date of low (no. of shares)	Weighted Average Price (in Rs.)
November 2019	59.90	05/11/2019	1421528	44.75	18/11/2019	175184	50.65
October 2019	48.85	31/10/2019	346660	38.70	24/10/2019	431157	41.63
September 2019	52.80	03/09/2019	328539	40.50	30/09/2019	78023	46.74
August 2019	238.00	16/08/2019	175466	43.00	29/08/2019	286049	113.92



July 2019	262.90	01/07/2019	153415	215.25	25/07/2019	29583	235.03
June 2019	290.35	04/06/2019	21608	229.15	24/06/2019	154240	254.18

### Financial performance

The audited financial results of HSIL Limited (pre demerger) for the financial years ended 31 March, 2019, 2018 and 2017 are set forth below:

#### Standalone financials

(Rs. in Lakh)

Particulars	March 31, 2019	March 31, 2018	March 31, 2017
Equity Share Capital	1,445.97	1,445.97	1,445.97
Reserves & Surplus (excluding revaluation reserve)	1,50,005.91	1,47,481.17	1,43,557.74
Net Worth	1,51,451.88	1,48,927.14	1,45,003.71
Total Revenue	2,73,954.18	2,29,422.59	2,23,109.32
Net profit / (loss) after tax	7,046.71	7,476.08	10,301.08
EPS (in Rs.) of face value Rs. 2/- each			
Basic	9.74	10.34	14.25
Diluted	9.74	10.34	14.25
Net Asset Value per share	209.48	206.00	200.57

\* Financial summary as per IND AS.

#### Consolidated financials

(Rs. in Lakh)

Particulars	March 31, 2019	March 31, 2018	March 31, 2017
Equity Share Capital	1,445.97	1,445.97	1,445.97
Reserves & Surplus (excluding revaluation reserve)	1,49,835.27	1,47,300.87	1,43,206.73
Net Worth	1,51,281.24	1,48,746.84	1,44,652.70
Total Revenue	2,74,225.62	2,29,745.91	2,23,428.97
Net profit / (loss) after tax	7,004.53	7,410.02	10,029.29
EPS (in Rs.) of face value Rs. 2/- each			
Basic	9.69	10.25	13.87
Diluted	9.69	10.25	13.87
Net Asset Value per share	209.25	205.75	200.08

\* Financial summary as per IND AS.

### Litigation

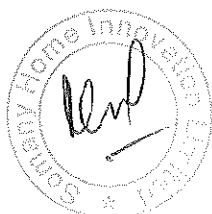
Except as disclosed in section titled "Outstanding Litigations and Material Developments" on page 164 of this Information Memorandum, there are no pending litigations involving our Group Companies having material adverse impact on our Company.

### Defunct Group Company

As on date of this Information Memorandum, none of our Group Companies is a defunct company nor has there been an application made to the registrar of companies for striking off its name.

### Common Pursuits

There are no common pursuits amongst our Group Companies and our Company. All our Group Companies are either engaged in or are authorised by their respective constitutional documents to engage in the same line of business as that of our Company. We will adopt the necessary procedures and practices as permitted by law to address any conflict situation, if and when they arise.



## DIVIDEND POLICY

As on the date of this Information Memorandum, our Company does not have a formal dividend policy. The declaration and payment of dividend on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable laws, including the Companies Act.

The dividend, if any, will depend on a number of factors, including but not limited to our results of operations, earnings, capital requirements and surplus, financial conditions, contractual obligations, business prospects, applicable legal restrictions and other factors considered relevant by the Board. Our Board may also declare interim dividend in accordance with the provisions the Companies Act.

Our Company has not declared any dividend on the Equity Shares, since its incorporation.



## SECTION VI- FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

**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

### AUDITORS' REPORT

#### TO THE BOARD OF DIRECTORS OF SOMANY HOME INNOVATION LIMITED

1. This report is being issued at your request. We have examined the attached Consolidated Balance Sheet of Somany Home Innovation Limited ("the Company") ("SHIL") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and the Statement of Changes in Equity as at 31<sup>st</sup> March 2019, the Consolidated Statement of Profit & Loss (including Other Comprehensive Income), and the Consolidated Statement of Cash Flows for the year as on 31<sup>st</sup> March 2019 annexed thereto (the 'Statement'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our examination. These financial statements are prepared for limited purpose for filing IM with stock exchange and this to be read with note no. 37 and other notes thereon.

#### **Management's Responsibility**

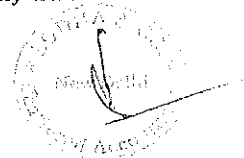
2. The preparation of the accompanying Statement is the responsibility of the Management of the Company. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
3. The Management is also responsible for ensuring that the Company complies with the requirements of the Equity Listing Agreement (where applicable) and for providing all relevant information to the Securities and Exchange Board of India/Stock Exchanges.
4. The financial information have been extracted by the Management from the audited Consolidated financial statements of HSIL Ltd. (the transferor Company, read with no.36) for the year ended 31<sup>st</sup> March 2019.

#### **Auditors Responsibility for Special Purpose Audit report**

5. The financial statements referred to in paragraph 4 above, have been audited by us on which we issued an unmodified audit opinion vide our reports dated 3<sup>rd</sup> May 2019. Those financial statements, and the financial statements referred herein this report do not reflect the effect of the events that occurred subsequent to the date of our report on those financial statements. Our examination of these financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
6. Our examination was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.



Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur



7. 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.
8. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.
9. The impact of the Scheme has been given in the re-casted Consolidated financial statements of the Group for the financial year 2018-19 w.e.f. 1<sup>st</sup> April 2018 (i.e. from the appointed date) to consider the impact of transfer of business CPDM & Retail undertakings and BPDM undertaking from HSIL Ltd to SHIL and Brillocca Ltd. respectively (refer Note no.36).

#### **Basis for Opinion**

10. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India and Standard on Auditing specified u/s143(10) of the Act which includes the concept of test check and materiality. 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.

#### **Other Matters**

11. We did not audit the financial statements of five subsidiaries whose financial statements reflect total assets of Rs. 483.57 lacs as at 31st March 2019, total revenues of Rs. 806.81 lacs and total profit /(Loss) after tax of Rs. (29.01) lacs for the year ended on that date, were considered in the audited consolidated financial statements for the year ended 31<sup>st</sup> March 2019 of the HSIL. These financial statements had been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the stated consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, insofar as it relates to the aforesaid subsidiaries based solely on the reports of the other auditors.

#### **Opinion**

12. Based on our examination as above, and in accordance to the information and explanations given and representations provided to us by the management of the Company, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our examination.
  - ii) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of the books.



13. In our opinion and to the best of our information and according to the explanations given to us and the said accounts, read with the Significant Accounting Policies and the Notes to Accounts, give a true and fair view in conformity with the accounting principles generally accepted in India;

- i) in the case of the re-stated figures of Balance Sheet, of the state of affairs as at 31<sup>st</sup> March 2019;
- ii) in the case of the Statement of Profit and Loss, of the re-stated profit for the year ended 31<sup>st</sup> March 2019; and
- iii) in the case of the re-stated Cash Flow Statements for the year ended 31<sup>st</sup> March 2019.

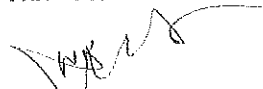
**Restriction on Use**

14. Our report is intended solely for use of the Management and for inclusion in the Information Memorandum (IM) in connection with the proposed listing of equity shares of the Company with stock exchange in India. Our report should not be used, referred to or distributed for any other purpose without our written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

**For LODHA & CO.**

Chartered Accountants

FRN – 301051E



**N.K. LODHA**

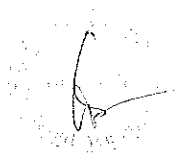
Partner

Membership No.85155

UDIN: 19085155AAAADB3918

Place: Gurugram

Date: 25<sup>th</sup> September 2019






Somany Home Innovation Limited  
Consolidated balance sheet as at 31 March 2019

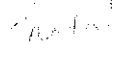
Somya Home Innovation Limited		(₹ in lakh)		
Consolidated balance sheet as at 31 March 2019		Note	As at 31 March 2019 (post scheme refer note no.36)	As at 31 March 2018
<b>ASSETS</b>				
1	Non-current assets			
	(a) Property, plant and equipment	4	10,565.22	-
	(b) Capital work-in progress		406.88	-
	(c) Other intangible assets	5	230.31	-
	(d) Financial assets			
	(i) Loans	6	498.16	-
	(e) Deferred tax assets (net)	7	3,402.58	-
	(f) Other non-current assets	8	387.40	-
	<b>Total non-current assets</b>		<b>15,490.55</b>	<b>-</b>
2	Current assets	9	27,929.42	-
	(a) Inventories			
	(b) Financial assets			8.57
	(i) Investments	10	26.99	-
	(ii) Trade receivables	11	35,631.49	-
	(iii) Cash and cash equivalents	12	2,175.51	2.32
	(iv) Bank balances other than (iii) above	13	2.17	-
	(v) Loans	14	2.68	-
	(vi) Other financial assets	15	9,768.22	-
	(c) Other current assets	16	6,534.09	-
	<b>Total current assets</b>		<b>82,070.57</b>	<b>10.89</b>
	<b>Total assets</b>		<b>97,561.12</b>	<b>10.89</b>
<b>EQUITY AND LIABILITIES</b>				
1	Equity			10.00
	(a) Equity share capital	17	-	-
	(b) Share capital Suspense account	17A	1,445.93	-
	(c) Other equity	18	24,217.22	(6.25)
	<b>Total equity</b>		<b>25,663.15</b>	<b>3.75</b>
2	Liabilities			
	<b>Non-current liabilities</b>			
	(a) Financial liabilities			
	(i) Borrowings	19	5,000.00	-
	(ii) Other financial liabilities	20	2,752.92	-
	(b) Provisions	21	492.63	-
	(c) Other non-current liabilities	22	63.21	-
	<b>Total non-current liabilities</b>		<b>8,308.76</b>	<b>-</b>
	<b>Current liabilities</b>			
	(a) Financial liabilities			6.00
	(i) Borrowings	23	25,272.00	-
	(ii) Trade payables	24		-
	- Due to micro and small enterprise		2,504.62	-
	- Due to others		14,527.13	-
	(iii) Other financial liabilities	25	13,737.80	0.87
	(b) Other current liabilities	26	3,013.33	0.27
	(c) Income-tax liabilities (net)		4,283.78	-
	(d) Provisions	27	250.55	-
	<b>Total current liabilities</b>		<b>63,589.21</b>	<b>7.14</b>
	<b>Total liabilities</b>		<b>71,897.97</b>	<b>7.14</b>
	<b>Total equity and liabilities</b>		<b>97,561.12</b>	<b>10.89</b>

Notes 1 to 39 form an integral part of these consolidated financial statements.  
In terms of our report attached.

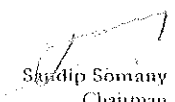
For Lodha & Co  
Chartered Accountants  
Firm Registration No.: 301051E

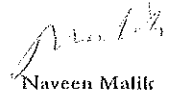
N.K. Lodha  
Partner  
M. No. 85155  
Place : Gurugram  
Date : 25-09-2019

  
Rakesh Kaul  
Whole Time Director and CEO  
DIN: 08560772

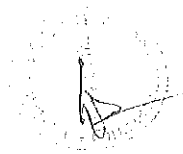
  
Payal M. Puti  
Company Secretary  
ACS No.: 16068

For and on behalf of the Board of Directors

  
Sandip Somany  
Chairman  
DIN: 00053597

  
Naveen Malik  
Chief Financial Officer

95<sup>TH</sup> Sept - 2019

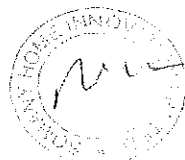


Somany Home Innovation Limited

Consolidated statement of profit and loss for the year ended 31 March 2019

(₹ in lakh)

Particulars	Note	Year ended 31 March 2019 (post scheme refer note no.36)	Year ended 31 March 2018
I Revenue from operations	28	1,66,984.56	-
II Other income	29	896.49	0.07
III Total income		1,67,881.05	0.07
IV Expenses			
Purchases of stock-in-trade	30	1,08,959.52	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	(571.36)	-
Employee benefits expense	32	16,011.93	-
Finance costs	33	2,851.69	0.04
Depreciation and amortisation expense	34	1,969.15	-
Other expenses	35	30,163.36	6.28
Total expenses		1,59,384.29	6.32
V Profit before exceptional items and tax		8,496.76	(6.25)
VI Exceptional items		(15.36)	-
VII Profit before tax		8,481.40	(6.25)
VIII Tax expense			
(1) Current tax		4,283.99	-
(2) Deferred tax		(1,272.27)	-
Total tax expense		3,011.72	-
IX Profit for the year		5,469.68	(6.25)
X Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plan		82.13	-
(ii) Income-tax relating to these items		(28.68)	-
(ii) Items that will be reclassified to profit or loss			
Exchange difference on translation of foreign operations		46.99	-
Other comprehensive income, net of tax		100.44	-
XI Total comprehensive income for the year		5,570.12	(6.25)
XII Earnings per equity share (of ₹ 2/- each):			
Basic and diluted		7.57	(1.25)




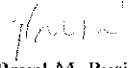
Notes 1 to 39 form an integral part of these consolidated financial statements.  
In terms of our report attached.


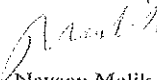
For Lodha & Co  
Chartered Accountants  
Firm Registration No.: 301051A

N.K. Lodha  
Partner  
M. No. 85155  
Place : Gurgaon

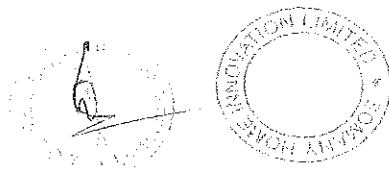
Date : 25-09-2019

  
Rakesh Kaul  
Whole Time Director and CEO  
DIN: 08560772

  
Payal M. Puri  
Company Secretary  
ACS No.: 16068

  
Sandip Somany  
Chairman  
DIN: 00053597  
  
Navcen Malik  
Chief Financial Officer

25<sup>th</sup> Sept. 2019



Somany Home Innovation Limited  
Consolidated cash flow statement for the year ended 31 March 2019

(₹ in lakh)		
Particulars	As at 31 March 2019 (post scheme refer note no.36)	Year ended 31 March 2018
<b>Cash flows from operating activities</b>		
Profit before tax	8,496.76	(6.25)
Adjustments for:		
Finance costs	2,851.69	0.04
Interest income	(13.66)	-
Gain on disposal of property, plant and equipment	(0.56)	-
Loss on disposal of property, plant and equipment	19.86	-
Net (gain) arising on current investments	(1.95)	(0.07)
Sundry balances and liabilities no longer required, written back	(1,109.35)	-
Provision for expected credit/impairment loss	402.17	-
Provision for doubtful advances	37.43	-
Bad debts written off	6.87	-
Depreciation and amortisation expenses	1,969.15	-
	<b>12,658.41</b>	<b>(6.28)</b>
<b>Movements in working capital:</b>		
(Increase)/decrease in trade and other receivables	(18,552.50)	-
(Increase)/decrease in inventories	(571.83)	-
(Increase)/decrease in other assets	(1,419.11)	-
Increase/(decrease) in trade and other liabilities	15,680.43	1.14
Increase/(decrease) in provisions	116.06	-
	<b>(4,746.95)</b>	<b>1.14</b>
<b>Cash generated from operations</b>	<b>7,911.46</b>	<b>(5.14)</b>
Income taxes paid	(0.21)	-
<b>Net cash generated by operating activities</b>	<b>7,911.25</b>	<b>(5.14)</b>
<b>Cash flows from investing activities:</b>		
Payments to acquire financial assets	-	(8.50)
Proceeds from sale of financial assets	10.24	-
Interest received	16.14	-
Payments for property, plant and equipment	(3,976.83)	-
Proceeds from disposal of property, plant and equipment	119.04	-
Movement in other bank balances	84.89	-
<b>Net cash used in investing activities</b>	<b>(3,746.52)</b>	<b>(8.50)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	-	6.00
Movement in short term borrowings (net)	(9,406.96)	-
Proceed from capital issue	-	10.00
Interest paid	(2,853.31)	(0.04)
<b>Net cash used in financing activities</b>	<b>(12,260.27)</b>	<b>15.96</b>
<b>Net increase in cash and cash equivalents:</b>	<b>(8,095.54)</b>	<b>2.32</b>
Cash and cash equivalents on account of demerger	10,268.73	-
Cash and cash equivalents at the beginning of the year	2.32	-
<b>Cash and cash equivalents at the end of the year</b>	<b>2,175.51</b>	<b>2.32</b>

Notes 1 to 39 form an integral part of these consolidated financial statements.  
In terms of our report attached.

For Lodha & Co  
Chartered Accountants  
Firm Registration No.: 301051E

N.K. Lodha  
Partner  
M. No. 85155  
Place : Gurugram  
Date : 25-09-2019

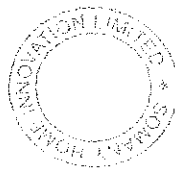
For and on behalf of the Board of Directors  
Rakesh Kaul  
Whole Time Director and CEO  
DIN: 08560772

Payal M. Puti  
Company Secretary  
ACS No.: 16068

Sandeep Somany  
Chairman  
DIN: 00053597

Naveen Malik  
Chief Financial Officer

25th Sept, 2019



Somany Home Innovation Limited  
Consolidated statement of changes in equity for the year ended 31 March 2019


a. Equity share capital	(₹ in lakh)	
	Particulars	Amount
Issued and paid up capital		
	Balance as at 1 April 2017	10.08
	Issue of equity share capital during the year	5,00,000
	Balance as at 31 March 2018	5,00,000
	Share cancelled pursuant to the scheme of arrangement (read with note 36(b))	(5,00,000)
Balance as at 31 March 2019		-
b. Share capital suspense account		
	Balance as at 1 April 2018	1,445.93
	Share suspense account (read with note 36(b))	7,22,96,365
	Balance as at 31 March 2019	1,445.93
c. Other equity		
	Particulars	Amount
Reserves and surplus	Capital reserve	
	Balance as at 1 April 2018	59.88
	Transfer due to scheme (refer note 36)	10.00
	Cancellation of Equity Shares pursuant to arrangement @	49.88
	Closing Balance as at 1 April 2019	7,233.97
	Profit for the year	-
	Other comprehensive income for the year (net of income tax)	-
	Total comprehensive income for the year	-
	Balance as at 31 March 2019	7,233.97
Other comprehensive income	Retained earnings	
	Balance as at 1 April 2018	2,449.08
	Transfer due to scheme (refer note 36)	10.00
	Cancellation of Equity Shares pursuant to arrangement @	49.88
	Closing Balance as at 1 April 2019	2,449.08
	Profit for the year	5,469.68
	Other comprehensive income for the year (net of income tax)	-
	Total comprehensive income for the year	5,469.68
	Balance as at 31 March 2019	7,918.76
Total	Capital reserve	
	Balance as at 1 April 2018	59.88
	Transfer due to scheme (refer note 36)	10.00
	Cancellation of Equity Shares pursuant to arrangement @	49.88
	Closing Balance as at 1 April 2019	7,233.97
	Profit for the year	5,469.68
	Other comprehensive income for the year (net of income tax)	-
	Total comprehensive income for the year	5,469.68
	Balance as at 31 March 2019	12,703.65

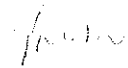
@ This is to be read with note number 36(b)

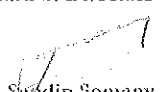
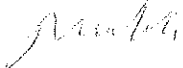
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In terms of our report attached.

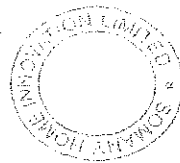
For Lodha & Co  
Chartered Accountants  
Firm Registration No.301051E

N.K. Lodha  
Partner  
M. No. 85155  
Place : Gurugram  
Date : 25<sup>th</sup> Sept. 2019

For and on behalf of the Board of Directors  
  
Rakesh Kaul  
Whole Time Director and CEO  
DIN: 08560772

  
Payal M. Puri  
Company Secretary  
ACS No.: 16068

  
Sandip Sonvany  
Chairman  
DIN: 00053597  
  
Naveen Malik  
Chief Financial Officer



25<sup>th</sup> Sept. 2019.



## Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the Consolidated financial statements for the period ended 31 March 2019 (contd.)

### 1. A) Corporate information

Somany Home Innovation Limited (the 'Parent Company') is a public limited company incorporated in India under the Companies Act, 2013. The registered office of the Parent Company is situated in Kolkata. The Group is into the business of selling and trading of building products, consumer products and retail business.

### B) 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 financial statements are authorized have been considered in preparing these financial statements.

### 2. Summary of Significant accounting policies

#### i. Basis of preparation of Consolidated Financial Statements

These financial statements are the Consolidated Financial Statements of the Group (Parent and subsidiary) prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These Consolidated Financial Statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below.

#### ii. Revenue recognition

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. Revenue is recognized net of sales reductions such as discounts and sales incentives granted. This variable consideration is estimated based on the expected value of outflow.

#### Sale of products:

Revenue from the sale of products is recognized when the Group has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Group will collect the consideration to which it is entitled to in exchange for the goods.

Sales-related warranties associated with the goods are integral to sales price and cannot be purchased separately, hence they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)

Rendering of services:

Revenue from services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered.

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

iii. 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 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 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.

iv. Foreign currency transactions and translations

Initial recognition

On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Consolidated Statement of Profit and Loss.

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.

Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)

**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.

**v. 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.

**vi. 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. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under Employees Provident Fund and Misc. Provisions Act, 1952 and short fall, if any, shall be made good by the Group.

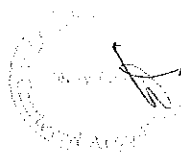
**Defined benefit plans**

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. Re-measurements, 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. Re-measurements 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



**Somany Home Innovation Limited**

**Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)**

- (b) in case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits**

Compensated absences which are allowed to be 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.

**vii. 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.

**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 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.

**viii. 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.

**ix. 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 usually when the related goods are sold.

Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)

x. (a) Property, plant and equipment

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

Intangibles are stated at cost less accumulated amortization and impairment losses (if any). Cost related to technical assistance for new projects are capitalized.

(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.

xi. 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



**Somany Home Innovation Limited**

Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)

Furniture and fixtures	10 years
Office equipment	5 years
Computer	3-6 years
Vehicles	8 years <sup>†</sup>
<b>Intangible assets</b>	
Technical know-how	10 years
Software	6 years

<sup>†</sup> Vehicles are being depreciated using written down value method as per life of 8 years mentioned in Schedule II of the Act.

**xii. 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.

**xiii. Cash and cash equivalents**

Cash and cash equivalents comprise cash in 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.

**xiv. Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/loss 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.

**xv. 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.

Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)

xvi. 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.

xvii. 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.

xviii. 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.

xix. 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 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:

Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)

- \* 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.

xx. 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.

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



## Somany Home Innovation Limited

### Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)

- 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 assets. 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

##### 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 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.

#### xxi. Derivative financial instruments

The Group 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.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in

**Somany Home Innovation Limited**

**Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)**

the statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

**xxii. 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 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 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 carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

**(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.

## Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)

### (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.

- (vi) Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

### 3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of 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

## Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)

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:

- 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.
- 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.
- 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 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	1 <sup>st</sup> April 2018	India	100%
Luxxis Heating Solutions Private Limited	1 <sup>st</sup> April 2018	India	100%
Brilloca Limited	1 <sup>st</sup> April 2018	India	100%
Halis International Limited	1 <sup>st</sup> April 2018	Mauritius	100%
Alchemy International Cooperatief U.A. (subsidiary of Halis International Limited)	1 <sup>st</sup> April 2018	Netherland	100%
Haas International B.V. (subsidiary of Alchemy International Cooperatief U.A.)	1 <sup>st</sup> April 2018	Netherland	100%

## Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)

Queo Bathroom Innovations Limited UK (subsidiary of Unus International B.V.)	1 <sup>st</sup> April 2018	United Kingdom (UK)	100%
---	----------------------------	------------------------	------

\* Shareholding transferred pursuant to Scheme of arrangement, accordingly previous year figures are not available.

### 3.2.1 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 Group's financial statements for the year ended 31 March 2019 are prepared complying applicable Ind AS.

### 3.2.2 Significant accounting policies and other explanatory information

Significant accounting policies specifically considered for preparation of consolidated financial statement.

### 3.2.3 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.

### 3.2.4 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.

**Somany Home Innovation Limited**

**Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2019 (contd.)**

**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.

**3.2.5 Taxation**

**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.



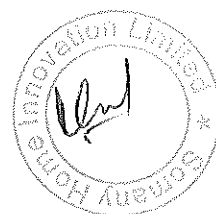
**Somany Home Innovation Limited**  
Significant accounting policies and other explanatory information to the Consolidated financial statements for the year ended 31 March 2019

**Note 4 - Property, plant and equipment**

Description of assets	Buildings	Leasehold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
								(₹ in lakh)
<b>I. Gross block</b>								
Opening balance as at 1 April 2018	-	1,123.55	1,462.05	748.43	-	952.69	431.07	9,677.90
Transfer due to scheme as on 1 April, 2018 (refer note 36)	-	-	-	-	-	-	-	-
Additions	1.02	4.58	5,035.86	66.34	1,462.21	279.61	57.37	6,906.93
Disposals/adjustment	-	-	(8.50)	(104.29)	(15.33)	(15.11)	(48.96)	(192.12)
Balance as at 31 March 2019	1.02	1,128.13	6,489.35	710.55	6,386.99	1,217.19	439.48	16,392.71
<b>II. Accumulated depreciation and amortisation</b>								
Opening balance as at 1 April 2018	-	-	135.95	515.94	1,923.46	652.40	152.66	4,012.55
Transfer due to scheme as on 1 April, 2018 (refer note 36)	-	632.14	-	-	-	-	-	-
Depreciation and amortisation charge for the year	-	78.51	488.77	66.14	957.96	198.55	78.79	1,868.72
Disposals/adjustment	-	-	(1.72)	(19.73)	(13.86)	(14.69)	(5.78)	(53.78)
Balance as at 31 March 2019	-	710.65	623.00	562.35	2,867.56	816.26	227.67	5,827.49
<b>Net block (I-II)</b>								
Balance as at 31 March 2019	1.02	397.48	5,866.35	148.20	3,519.43	400.93	231.81	10,565.22

Note:

1. Refer note 19 and 23 for details of 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.



Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the Consolidated financial statements for the year ended 31 March 2019

Note 5 - Other intangible assets

Description of assets	(₹ in lakh)		
	Trade mark	Computer software	Total
Opening balance as at 1 April 2018	-	-	-
Transfer due to scheme as on 1 April, 2018 (refer note 36)	-	679.65	679.65
Additions	64.93	66.70	131.63
Disposal/ Adjustment	(28.78)	17.48	(11.30)
Balance as at 31 March 2019	36.15	763.83	799.98
II. Accumulated amortisation			
Opening balance as at 1 April 2018	-	-	-
Transfer due to scheme as on 1 April, 2018 (refer note 36)	-	466.30	466.30
Amortisation charge for the year	2.28	98.15	100.43
Disposals/adjustment	(1.89)	4.83	2.94
Balance as at 31 March 2019	0.39	569.28	569.67
Net block (I-II)			
Balance as on 31 March 2019	35.76	194.55	230.31

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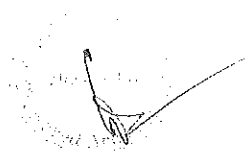
**Somany Home Innovation Limited**

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

**Note 6 - Non-current financial assets - loans**

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good unless otherwise stated)		
Security deposits	498.16	-
	<b>498.16</b>	<b>-</b>

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Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

Note 7 - Deferred tax (net)		(₹ in lakh)	
Particulars	As at 31 March 2019	As at 31 March 2018	
Deferred tax asset arising on account of			
Provision for doubtful debts and loans and advances	788.40	-	
Provision for employee benefits	119.54	-	
Difference between book balance and tax balance of property, plant and equipment	1,203.95	-	
Deferred tax on business losses	1,290.69	-	
	<u>3,402.58</u>	-	
Deferred tax liabilities	-		
Deferred tax assets (net)	<u>3,402.58</u>	-	

Note 8 - Other non-current assets		(₹ in lakh)	
Particulars	As at 31 March 2019	As at 31 March 2018	
(unsecured and considered good)			
Capital advances	160.65	-	
Prepaid expenses	63.10	-	
Balances with government authorities	163.65	-	
	<u>387.40</u>	-	

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**Somany Home Innovation Limited**

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

**Note 9 - Inventories**

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(As taken by the management, valued at cost or net realisable value)		
Stock-in-trade of goods acquired for trading	27,929.42	-
	<u>27,929.42</u>	<u>-</u>

**Notes**

Refer note 23 for information on inventory pledged as security by the Group.

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Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

Note 10 - Current investments

Particulars	(₹ in lakh)			
	As at 31 March 2019		As at 31 March 2018	
	Units	Amount	Units	Amount
Fair value through profit and loss (FVTPL)				
Quoted investments				
HDFC Liquid Fund-Regular Plan-Growth (face value ₹10/-)	737,285	26.99	251,239	8.57
	<u>737,285</u>	<u>26.99</u>	<u>251,239</u>	<u>8.57</u>
Other disclosures				
Aggregate book value of quoted investments		24.94		8.50
Aggregate amount of marker value of quoted investments		26.99		8.57

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Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

Note II - Trade receivables		(₹ in lakh)
Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	35,631.49	-
Credit impaired	2,262.45	-
	37,893.94	-
Less: Credit impaired	2,262.45	-
	35,631.49	-

Movement in the allowance for doubtful debts		
Particulars	As at 31 March 2019	As at 31 March 2018
Transfer due to scheme as on 1 April, 2018 (refer note 36)	1,704.40	-
Expected credit losses provided for during the year	560.14	-
Amounts written back during the year (net)	(2.09)	-
	2,262.45	-

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**Somany Home Innovation Limited**

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

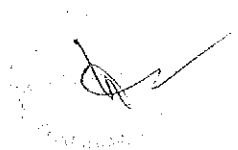
**Note 12 - Cash and cash equivalents**

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Balances with banks	1,088.15	2.32
Cheques, drafts on hand	1,003.30	-
Cash in hand	40.72	-
Remittance in transit	43.34	-
	<u>2,175.51</u>	<u>2.32</u>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

**Note 13 - Bank balances other than cash and cash equivalents**

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
<b>Other bank balances</b>		
Fixed deposits with original maturity of more than three months but less than twelve months	2.17	-
	<u>2.17</u>	<u>-</u>



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**Somany Home Innovation Limited**

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

**Note 14 - Current financial assets - loans**

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
Interest receivable	2.68	-
	<u>2.68</u>	<u>-</u>

**Note 15 - Current financial assets - Other financial assets**

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
<b>Other financial assets</b>		
- Interest accrued on deposits, loans and advances	0.04	-
Other Receivable	9,768.18	-
	<u>9,768.22</u>	<u>-</u>

**Note 16 - Other current assets**

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
(unsecured and considered good)		
Prepaid expenses	246.27	-
Balances with government authorities	3,409.91	-
Others		
- Advance to suppliers	1,093.95	-
Considered doubtful	53.04	-
less : Provision against Advance to Vendors	(53.04)	-
- Employee advances	15.66	-
- Other current assets	1,825.71	-
Less : Provision for doubtful advances	(57.41)	-
	<u>6,534.09</u>	<u>-</u>



Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the Consolidated financial statements for the year ended 31 March 2019

Note 17 - Equity share capital

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
Authorised:				
Equity shares of ₹ 2 each	7,50,00,000	1,500.00	50,00,000	100.00
Issued:				
Equity shares of ₹ 2 each			5,00,000	10.00
Subscribed and fully paid:				
Equity shares of ₹ 2 each	-	-	5,00,000	10.00
	-	-	5,00,000	10.00

(a) Reconciliation of share outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number	(₹ in lakh)	Number	(₹ in lakh)
Equity shares outstanding at the beginning of the year	5,00,000	10.00	5,00,000	10.00
Add: Shares issued during the year	-	-	-	-
Less: Shares Cancelled during the year due to Scheme (Refer note 36)	5,00,000	10	-	-
Equity shares outstanding at the end of the year	-	-	5,00,000	10.00

(b) List of shareholders holding more than 5% of the equity share capital of the Company as at: \*

	31 March 2019		31 March 2018	
	Number	% of holding	Number	% of holding
HSHL Limited	-	-	5,00,000	100.00

\* Information is furnished as per shareholder register as at the year end.

17 A Share capital suspense account (Refer Note no. 36(b))

- 1,445.93 - -

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Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the Consolidated financial statements for the year ended 31 March 2019

Note 18 - Other equity							(₹ in lakh)
Particulars	Reserves and surplus					Other comprehensive income	Total
	Capital reserve	Securities premium reserve	General reserve	Retained earnings	Foreign currency translation reserve	Actuarial gain / (loss)	
Balance as at 1 April 2018				(6.25)			(6.25)
Transfer due to scheme (refer note 36)	39.88	7,238.97	2,449.08	8,904.47	-	10.95	18,643.35
Cancellation of Equity Shares pursuant to demerges @	10.00	-	-	-	-	-	10.00
	49.88	7,238.97	2,449.08	8,898.22	-	10.95	18,647.10
Profit for the year	-	-	-	5,469.68	-	-	5,469.68
Other comprehensive income for the year (net of income tax)	-	-	-	-	46.99	53.45	100.44
Total comprehensive income for the year	-	-	-	5,469.68	46.99	53.45	5,570.12
Balance as at 31 March 2019	49.88	7,238.97	2,449.08	14,367.90	46.99	64.40	24,217.22

@ This is to be read with note number 36(b)

**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 before payment of the dividend on equity. 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.




**Somany Home Innovation Limited**

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

**Note 19 - Non current financial liabilities - borrowings**

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Measured at amortised cost		
Secured:		
Term loans from banks:		
rupee loans	5,000.00	-
	<b>5,000.00</b>	<b>-</b>

1. Loan has been allocated based on the sanction/confirmation received from a bank, pending creation of security and compliance of conditions stipulated.

2. Secured by first pari passu charge of movable fixed asset (PPE) of the company.

3. Tenure of above loan and security is as per the transferor company (HSIL Limited) as stated in credit facility is being carved out.

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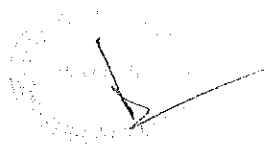
**Somany Home Innovation Limited**

**Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019**

**Note 20 - Non-current financial liabilities - other financial liabilities**

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Trade deposits	2,752.92	-
	<u>2,752.92</u>	<u>-</u>

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Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

Note 21 - Non-current liabilities - provisions

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Long-term employee benefits		
Provision for compensated absences	403.42	-
Provision for gratuity	0.43	-
Provision for warranty	88.78	-
	<u>492.63</u>	<u>-</u>
Balance as at 1 April 2018 (transferred due to Scheme)		401.81
Additional provisions recognised (included in Other expenses)		28.18
Utilised during the year		(111.71)
		<u>318.28</u>
Less: Current liability (refer note 27)		229.50
Balance as at 31 March 2019		<u>88.78</u>

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 warranty period of certain products up to 12 years.



Somany Home Innovation Limited  
 Significant accounting policies and other explanatory information to the  
 consolidated financial statements for the year ended 31 March 2019

Note 22 - Other non-current liabilities

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Employee related payables	63.21	-
	<u>63.21</u>	<u>-</u>

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**Somany Home Innovation Limited**

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

**Note 23 - Current financial liabilities - borrowings**

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Secured borrowings</b>		
From banks		
Cash credit - loans repayable on demand	10,654.00	-
Working capital demand loan	14,600.00	-
	<b>25,254.00</b>	<b>-</b>
<b>Unsecured borrowings</b>		
Loan from a company *	18.00	6.00
	<b>18.00</b>	<b>6.00</b>
	<b>25,272.00</b>	<b>6.00</b>

**Details of security and term of repayment of each type of borrowing:**

**Secured borrowings**

**Cash credit facilities :**

- a) Cash credit facilities from banks 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 Group.

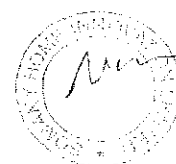
**Short term loan facilities :**

- b) Working capital demand loan from banks repayable within 7 days to 180 days from disbursement 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 transferor Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant (Refer note 36(e))
- c) The above secured loan of Rs. 10,654.00 lakh and Rs. 14600.00 lakh (security as per the financials statements of the transferor company) has been bifurcated (read with note 36) pending confirmation and receipt of sanction from the respective lender/bank

\* From erstwhile holding company i.e. HSIL Limited



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Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

Note 24 - Trade payables

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
-total outstanding dues of micro and small enterprises	2,504.62	-
-total outstanding dues of creditors other than micro and small enterprises	14,527.13	-
Trade payable <sup>a</sup>	17,031.75	-

<sup>a</sup> 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 as certified by the management are mentioned below:

Particulars	(₹ in lakh)	
	Year ended 31 March 2019	Year ended 31 March 2018
Principal amount remaining unpaid to any supplier	2,504.62	-
Interest due thereon remaining unpaid to any supplier	120.45	-
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
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
Interest accrued and remaining unpaid	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



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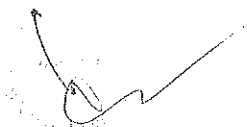

Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

Note 25 - Current financial liabilities - Other financial liabilities

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Interest accrued but not due on borrowings	186.70	-
Unpaid dividends	-	-
Earnest money deposits	2.95	-
Security deposits/retention money payable	22.70	-
Others		
Towards capital creditors	42.69	-
Employee related payables	2,281.36	-
Towards expenses payable	3,956.35	0.87
Gratuity payable (net of obligation)	11.09	-
Other payables	7,233.96	-
	<b>13,737.80</b>	<b>0.87</b>

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**Somany Home Innovation Limited**

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

**Note 26 - Other current liabilities**

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Advances received from customers	867.00	-
Employee related payables	73.73	-
Payable towards statutory dues	1,302.67	0.27
Other payables	769.93	-
	<b>3,013.33</b>	<b>0.27</b>

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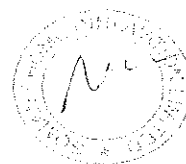
Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

Note 27 - Current liabilities - provisions

Particulars	(₹ in lakh)	
	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Long-term employee benefits		
Provision for compensated absences	21.04	-
Provision for gratuity	0.01	-
Provision for warranty (also refer note 21)	229.50	-
	<u>250.55</u>	<u>-</u>

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**Somany Home Innovation Limited**

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

**Note 28 - i) Revenue from operations**

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of goods	1,63,698.45	-
Sale from rendering of services	10.08	-
Other operating revenue @	3,276.03	-
	<b>1,66,984.56</b>	<b>-</b>

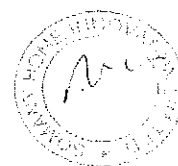
@ Other operating revenues comprise of:

Sundry balances and liabilities no longer required, written back	1,109.35	-
Excess provision of doubtful debts written back	173.33	-
Insurance claims received	154.09	-
Scrap sales	525.88	-
Miscellaneous receipts	1,313.38	-
	<b>3,276.03</b>	<b>-</b>

**Note 29 - Other income**

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on financial assets	13.66	-
Excess balances and liabilities written back	2.43	-
Profit on sale of current investments (net)	0.08	-
Profit on sale of property, plant and equipment	0.56	-
Gain arising on financial instruments designated as at FVTPL (net)	1.87	0.07
Management fee	793.65	-
Miscellaneous income	84.24	-
	<b>896.49</b>	<b>0.07</b>



**Somany Home Innovation Limited**

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

Note 30 - Purchases of traded goods		(₹ in lakh)
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sanitaryware and other products (net)	1,08,959.52	-
	<u>1,08,959.52</u>	<u>-</u>

**Note 31 - Changes in inventories of finished goods, stock-in-trade and work-in-progress**

		(₹ in lakh)
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Inventories at the end of the year:</b>		
Stock-in-trade	27,929.42	-
	<u>27,929.42</u>	<u>-</u>
<b>Inventories at the beginning of the year:</b>		
Stock in trade transfer due to scheme (refer note 36 )	27,358.06	-
	<u>27,358.06</u>	<u>-</u>
<b>Change in stock</b>	<u>(571.36)</u>	<u>-</u>

Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

Note 32 - Employee benefits expense

Particulars	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	15,127.81	-
Contribution to provident funds and other funds	302.57	-
Staff welfare expenses	581.55	-
	<u>16,011.93</u>	<u>-</u>

Note 33 - Finance cost

Particulars		
	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on financial liabilities	2,851.48	0.04
Other borrowing cost	0.21	-
	<u>2,851.69</u>	<u>0.04</u>

Note 34 - Depreciation and amortisation

Particulars		
	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation and amortisation of Property, plant and equipments (also refer note 4)	1,868.72	-
Amortisation of other intangible assets (also refer note 5)	100.43	-
	<u>1,969.15</u>	<u>-</u>

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Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

Note 35 - Other expenses

Particulars	(₹ in lakh)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Power and fuel	146.16	-
Consumption of stores and spares	45.55	-
Consumption of packing material	382.35	-
Repairs and maintenance:		
Buildings	26.12	-
Plant and machinery	123.77	-
Others	111.11	-
Rent (including hire charges)	3,326.62	-
Rates and taxes	28.63	0.09
Insurance	69.04	-
Travelling and conveyance	2,796.98	-
Commission on sales	380.76	-
Freight and forwarding charges	133.47	-
Advertisement and publicity	9,897.04	-
Transportation and forwarding	7,050.19	-
Sales promotion expenses	1,418.04	-
Other selling expenses	954.77	-
Provision for expected credit loss (also refer note 11)	560.14	-
Provision for doubtful advances/debts	37.43	-
Bad debts written off	6.87	-
Loss/(gain) on foreign exchange fluctuation	(119.66)	-
Loss on sale of property, plant and equipment	19.86	-
Miscellaneous expenses	2,768.12	6.19
	<b>30,163.36</b>	<b>6.28</b>

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**Somany Home Innovation Limited**

**Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019**

**Note: 36: Scheme of arrangement**

(a) The Board of Directors of the Company in its meeting held on 10 November 2017 had approved a composite Scheme of Arrangement ("Scheme") under section 230 to 232, read with section 66 and other applicable provisions of the Companies Act 2013 and the provisions of other applicable laws, amongst the Company (SHIL), Brilloca Limited (a wholly owned subsidiary of the Company) and HSH Limited (erstwhile Holding Company) and their respective shareholders and creditors ("Scheme"). The Scheme provides for the demerger of, (i) the Consumer Products Distribution and Marketing Undertaking ("CPDM Undertaking") and Retail Undertaking of the HSH Limited into SHIL, and (ii) the Building Products Distribution and Marketing Undertaking ("BPDMD Undertaking") of HSH Limited into Brilloca Limited. The Scheme has been approved by the Hon'ble Kolkata Bench of National Company Law Tribunal ("NCLT") vide its order dated 25th July 2019, the certified copy of the NCLT order has been filed with Registrar of Companies, West Bengal on 5th Aug 2019 and the Scheme has come into effect accordingly. The Scheme is effective from the Appointed Date i.e. 1 April, 2018. The effects of the Scheme has been incorporated in this restated Financial statements for the year ended 31st March 2019.

(b) In terms of the Scheme, the 100 percent(%) equity share capital of 5,00,000 of Rs 2/- each of the Company held by HSH Limited (erstwhile holding Company) stands cancelled, and existing shareholders of HSH Limited (transferor Company) will be issued and allotted fully paid up one equity share of SHIL (transferee company-1) of face value of Rs.2/- each for every one equity share held by them in the HSH as on the record date i.e. 20th Aug 2019 (as decided by respective Board of Directors of HSH and SHIL in their respective Board meetings). Pending allotment of equity shares as above to shareholders of HSH Limited, Rs. 1,445.93 lakh has been shown as "Share Capital Suspense Account" and accordingly EPS (both Basic and Diluted) has been calculated considering balance in Share Capital Suspense Account.



(c) Pursuant to the Scheme, the following assets and liabilities have been taken over by the Company:

**Balance Sheet as at 31 March 2018**

(₹ in lakh)

Particulars	Somany Home Innovation Limited	Brilloca Limited
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	2,620.21	3,045.14
(b) Capital work in progress	73.17	3,381.55
(c) Goodwill	-	-
(d) Other intangible assets	53.05	160.30
(e) Financial assets		
(i) Investments *	157.28	40.20
(ii) Loans	431.02	158.57
(iii) Other financial assets	-	-
(f) Income-tax assets (net)	-	-
(g) Other non-current assets	165.38	899.58
<b>Total non-current assets</b>	<b>3,500.11</b>	<b>7,685.35</b>
<b>Current assets</b>		
(a) Inventories	8,570.55	18,782.88
(b) Financial assets		
(i) Investments	-	-
(ii) Trade receivables	6,409.33	20,842.61
(iii) Cash and cash equivalents	4,799.85	5,425.21
(iv) Bank balances other than (iii) above	85.46	-
(v) Loans	-	-
(vi) Other financial assets	4.81	-
(c) Other current assets	1,551.88	2,852.70
<b>Total current assets</b>	<b>21,421.88</b>	<b>47,903.40</b>
<b>Total assets</b>	<b>24,921.99</b>	<b>55,588.75</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital		
(b) Share Suspense	1,445.93	-
(c) Other equity	8,643.39	10,169.23
<b>Total equity</b>	<b>10,089.32</b>	<b>10,169.23</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	1,500.00	3,500.00
(ii) Other financial liabilities	94.59	2,924.19
(b) Provisions	76.62	403.28
(c) Deferred tax liabilities (net)	(1,740.94)	(418.05)
(d) Other non-current liabilities	21.76	74.29
<b>Total non-current liabilities</b>	<b>(47.97)</b>	<b>6,483.71</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	9,018.66	25,648.30
(ii) Trade payables	2,643.96	4,235.18
(iii) Other financial liabilities	2,781.69	8,511.60
(b) Other current liabilities	383.80	364.55
(c) Provisions	52.53	176.18
<b>Total current liabilities</b>	<b>14,880.64</b>	<b>38,935.81</b>
<b>Total liabilities</b>	<b>14,832.67</b>	<b>45,419.52</b>
<b>Total equity and liabilities</b>	<b>24,921.99</b>	<b>55,588.75</b>

\* Investments represent investment in wholly owned subsidiaries transferred pursuant to scheme of arrangement.

As stated above in terms of the Scheme 722,96,395 nos. of equity shares of Rs.2 each to be issued and allotted to the equity shareholders of the transferor company in the ratio of 1:1. (Pending allotment as on 31.03.2019). The equity share capital of SHIL (the Company) has been adjusted against balances of Other Equity of the Company. As this Business Combination involving entities under common control, neither goodwill nor capital reserve has been arisen.

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(d) Based on the audited financials of the company for FY 2017-18, the amount incurred towards the corporate social responsibility was Nil for FY 2018-19 and accordingly while restating the accounts to give effect to scheme the CSR liability is Nil.

(e) To give effect of the Scheme of arrangement as stated in note (a) above

i) Certain borrowing facilities have been allocated to the Company/Group as assessed by the management. The Company /Group is in process of seeking approval and confirmation and creating security against secured borrowings.

ii) Certain borrowing facilities (including working capital demand loan), transferred/ allocated among transferee companies are as assessed by the management, subject to final allocation by lenders/Bankers of resulting companies.

(f) Certain bank balances have been transferred and recorded in books of the transferee company are as assessed by the management, subject to change of name / confirmation from the respective banks.

(g) Guaranty liability as on 31st march ,2019 has been provided based on the actuarial valuation however pending final allocation of fund assets among transferor and resulting companies i.e. Sonany home innovation Limited and Brilloca has been done on the basis of estimates as per the management of the Company and transferor Company (ISH.)

(h) The necessary steps and formalities in respect of transfer of certain licenses/approvals in favour of the transferee companies are under implementation.

(i) Certain expenses have been allocated by the management of the transferor Company.

Note: 37. This financial statements are prepared for the limited purpose for filing Information Memorandum (IM) by the SHH. (the Company) with relevant stock exchanges [to be filed] for listing of the securities in terms of the Scheme approved by the Hon'ble NCLT as stated in note 1 stated above. Accordingly, certain information/disclosures as required under Ind AS-19, Ind AS 103 , Ind AS 109 , Ind AS 12, Ind AS 108 , Ind AS-115 , Ind AS-17 etc. have not been given.



# Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

## Note 38 - 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 (as identified by the management)
Key management personnel (KMP)	Directors Mr. Sandip Somany Mr. G.L. Soltania Mr. N. Geonka
Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	Textool Mercantile Private Limited Paco Exports Limited Soma Investments Limited (merged with Paco Exports Limited w.e.f. 21 January 2019) New Delhi Industrial Promoters and Investors Limited (merged with Paco Exports Limited w.e.f. 21 January 2019) G.L. Soltania & Co.

During the year, there were no related party transactions in the ordinary course of business.

Disclosure pursuant to Regulation 34(3) read with Schedule V, part A, Clause 2(2A) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

Promoter/promoter group companies holding more than 10% of equity share capital of the Company:

Particulars	For the year ended	
	31 March 2019	31 March 2018
<b>HSIL Limited</b>		
<b>(₹ in lakh)</b>		
<b>Nature of transaction</b>		
1. Purchase of Sanitaryware, faucet, pipe and other products	57,248.06	-
2. Management support services received	268.00	-
3. Management support services provided	899.00	-
4. Rent paid	974.00	-
5. Reimbursement of expenses received	104.00	-
6. Loan received	12.00	-
<b>Balances outstanding as at the end of the year</b>		
Payable outstanding	418.98	-
Loan outstanding (previous year ₹ 6.00 lakh)	18.00	-




Somany Home Innovation Limited

Significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

Note - 39 Contingent liabilities not provided for in respect of:

(₹ in lakh)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(As certified by the management)		
a) Demands raised by the service-tax authorities against which appeals have been filed	77.77	
b) Demands made by the sales tax authorities against which appeals have been filed	610.77	



Notes 1 to 39 form an integral part of these consolidated financial statements.  
In terms of our report attached.

For Lodha & Co  
Chartered Accountants  
Firm Registration No.:301051E

N.K. Lodha  
Partner  
M. No. 85155  
Place : Gurgaon  
Date : 25-09-2019

Rakesh Kaul  
Whole Time Director and CEO  
DIN: 08560772

Payal M. Puri  
Company Secretary  
ACS No.: 16068

Sandip Somany  
Chairman  
DIN: 00053597

Naveen Malik  
Chief Financial Officer

25-09-2019



**UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER, 2019**

**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

**Independent Auditor's Review Report**

To  
The Board of Directors of  
Somany Home Innovation Limited

1. We have reviewed the accompanying Statement of unaudited Consolidated Financial Results of Somany Home Innovation Limited ("the Parent"), which includes its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), for the quarter ended 30<sup>th</sup> Sept, 2019 and for the period from 1<sup>st</sup> April 2019 to 30<sup>th</sup> Sept 2019 (the "Statement") attached herewith. The Parent is in process of listing of equity shares and voluntarily complied with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations"), in preparation of this Statement. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Ind AS-34, Interim Financial Reporting prescribed u/s 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rule, 2015 (as amended), is the responsibility of the Company's management and has been approved by the Board of Directors of the Parent. The annexed financial statements for the quarter ended 30<sup>th</sup> Sept, 2019 and for the period from 1<sup>st</sup> April 2019 to 30<sup>th</sup> Sept 2019 are prepared considering the effect of the Scheme of arrangement as stated in the foot note no. 2. Our responsibility is to issue a report on the Statement based on our review.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. The Statement includes the results of the following entities:
  - Subsidiary companies
    - i. Brilloca Ltd.\*\*
    - ii. Hindware Home Retail (P) Ltd.\*\*
    - iii. Luxxis Heating Solutions (P) Ltd.\*\*
    - iv. Halls International Limited.\$
    - v. Alchemy International Cooperatief U.A.\*



Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur



- vi. Haas International B.V<sup>^</sup>
- vii. QUEO Bathroom Innovations Limited#
  - \*\* Subsidiary of Somany Home Innovation Limited
  - \$ Subsidiary of Brilloca Ltd.
  - \* Subsidiary of Halis International Limited
  - <sup>^</sup>Subsidiary of Alchemy International Cooperatief U.A.
  - # Subsidiary of Haas International B.V

5. Other matter

We did not review the interim unaudited financial results and other financial information in respect of six (6) subsidiaries (including step down subsidiaries), whose interim financial results/information reflect total assets of Rs.7.48 crores as at 30<sup>th</sup> Sept 2019 , total revenues of Rs.3.09 crore and Rs.5.74 cores, total net profit /loss) after tax of Rs.0.17 crore and Rs.0.25 crore and other comprehensive income of Rs. Nil and Rs. Nil for the quarter and six months period ended 30<sup>th</sup> September 2019, respectively, and cashflows (net) of (Rs.0.10 crores) for the period from 1<sup>st</sup> April 2019 to 30<sup>th</sup> Sept 2019 as considered in the statement. According to the information and explanations given to us by the Management, these interim financial results which are certified by the management and other financial information are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter.

6. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standard specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulation, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

  
(N.K. Lodha)

Partner

Membership No: 85155

Place: Gurugram

Date: 14.11.2019

UDIN: 19085155AAAAEK4619



# SOMANY HOME INNOVATION LIMITED

REGD. OFFICE: 2, RED CROSS PLACE, KOLKATA-700 001

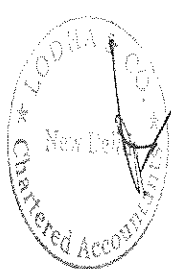
WEBSITE: WWW.SHILGROUP.COM | CIN : U74999WB2017PLC222970 | TEL: 033-22487407/5668

## PART I

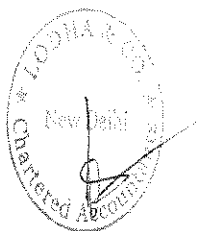
### STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER 2019

(Rs. in crore)

	Particulars	3 months ended 30th September 2019 (Unaudited)	3 months ended 30th June 2019 (Unaudited)	Year to date figures for the current period ended 30th September 2019 (Unaudited)
		Post Scheme (Refer Note 2)	Post Scheme (Refer Note 2)	Post Scheme (Refer Note 2)
I	Revenue from operations	425.58	377.95	803.53
II	Other income	1.47	3.75	5.22
III	<b>Total income (I+II)</b>	<b>427.05</b>	<b>381.70</b>	<b>808.75</b>
IV	<b>Expenses</b>			
	a) Purchases of stock-in-trade	306.11	236.18	542.29
	b) Changes in inventories of finished goods, stock-in-trade and work-in-progress	(17.69)	17.37	(0.32)
	c) Employee benefits expense	40.76	39.38	80.14
	d) Finance cost	7.46	7.95	15.41
	e) Depreciation and amortization expense	11.57	8.81	20.38
	f) Other expenses	69.81	63.59	133.40
	<b>Total expenses (IV)</b>	<b>418.02</b>	<b>373.28</b>	<b>791.30</b>
V	<b>Profit before exceptional items and tax (III-IV)</b>	<b>9.03</b>	<b>8.42</b>	<b>17.45</b>
VI	Exceptional item	-	-	-
VII	<b>Profit before tax</b>	<b>9.03</b>	<b>8.42</b>	<b>17.45</b>
VIII	<b>Tax expense</b>			
	a) Current tax	3.07	5.90	8.97
	b) Deferred tax charge/(benefit)	0.01	(3.06)	(3.05)
	<b>Tax expenses (VIII)</b>	<b>3.08</b>	<b>2.84</b>	<b>5.92</b>
IX	<b>Profit for the period (VII - VIII)</b>	<b>5.95</b>	<b>5.58</b>	<b>11.53</b>
X	<b>Other comprehensive income (net of tax)</b>			
	(A)(i) Items that will not be reclassified to profit or loss	0.41	-	0.41
	(ii) Income tax relating to items that will not be reclassified to profit or	(0.12)	-	(0.12)
	Exchange difference on translation of foreign operations	(0.01)	-	(0.01)
	<b>Total other comprehensive income (X)</b>	<b>0.28</b>	<b>-</b>	<b>0.28</b>
XI	<b>Total comprehensive income for the period (IX+X)</b>	<b>6.23</b>	<b>5.58</b>	<b>11.81</b>
XII	<b>Earnings before interest, depreciation, tax and amortization (EBIDTA) [V+IV (e)+IV(f)]</b>	<b>28.06</b>	<b>25.18</b>	<b>53.24</b>
XIII	<b>Paid-up equity share capital (face value Rs.2/- per share) (Refer Note 2)</b>	<b>14.46</b>	<b>-</b>	<b>14.46</b>
XIV	<b>Other equity (excluding revaluation reserve)</b>	<b>-</b>	<b>-</b>	<b>-</b>
XV	<b>Earnings per share : (of Rs. 2/- each)</b>			
	(a) Basic (Rs.)	0.82	0.77	1.59
	(b) Diluted (Rs.)	0.82	0.77	1.59



PART II			
Segment wise revenue, results, assets and liabilities (Refer Note 5)		(Rs. in crore)	
Particulars	3 months ended 30th September 2019 (Unaudited)	3 months ended 30th June 2019 (Unaudited)	Year to date figures for the current period ended 30th September 2019 (Unaudited)
<b>1 Segment revenue from operation:</b>			
a) Building products	304.06	274.59	578.65
b) Consumer products	97.27	78.35	175.62
c) Retail business	23.56	24.41	47.97
d) Others	3.08	2.64	5.72
<b>Total</b>	<b>427.97</b>	<b>379.99</b>	<b>807.96</b>
Less : Inter segment revenue	2.39	2.04	4.43
<b>Total income from operations</b>	<b>425.58</b>	<b>377.95</b>	<b>803.53</b>
<b>2 Segment results: Profit(+)/ loss(-) (before tax and interest from each segment)</b>			
a) Building products	18.49	19.64	38.13
b) Consumer products	1.87	0.54	2.41
c) Retail business	(3.98)	(3.90)	(7.88)
d) Others	0.11	0.09	0.20
<b>Total profit before unallocable expenditure</b>	<b>16.49</b>	<b>16.37</b>	<b>32.86</b>
Less: i) Finance costs	7.46	7.95	15.41
<b>Total Profit before tax</b>	<b>9.03</b>	<b>8.42</b>	<b>17.45</b>
<b>3 Segment assets</b>			
a) Building products	757.87	530.53	757.87
b) Consumer products	270.13	209.06	270.13
c) Retail business	82.75	88.11	82.75
d) Others	5.86	5.71	5.86
<b>Total</b>	<b>1,116.61</b>	<b>833.41</b>	<b>1,116.61</b>
<b>Segment liabilities</b>			
a) Building products	571.59	312.96	571.59
b) Consumer products	168.04	130.31	168.04
c) Retail business	103.69	111.51	103.69
d) Others	4.85	3.26	4.85
<b>Total</b>	<b>848.17</b>	<b>558.04</b>	<b>848.17</b>

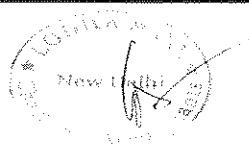




SOMANY HOME INNOVATION LIMITED	
(Rs. in crore)	
STATEMENT OF ASSETS AND LIABILITIES (CONSOLIDATED)	
Particulars	As at 30th September 2019 (Un audited) Post Scheme
<b>A ASSETS</b>	
1 Non-Current Assets	
a) Property, plant and equipments	186.58
b) Capital work in progress	4.70
c) Other intangible assets	1.79
d) Financial assets	
i) Loans	4.39
e) Deferred tax asset (net)	36.96
f) Other non-current assets	4.71
<b>Total Non-Current Assets</b>	<b>239.13</b>
2 Current Assets	
a) Inventories	279.61
b) Financial assets	
i) Investments	0.27
ii) Trade receivables	362.51
iii) Cash and cash equivalents	21.54
iv) Bank balance other than (iii) above	0.10
v) Loans	0.03
vi) Other financial assets	153.04
c) Other current assets	60.38
<b>Total Current Assets</b>	<b>877.48</b>
<b>TOTAL ASSETS (A=1+2)</b>	<b>1,116.61</b>
<b>B EQUITY AND LIABILITIES</b>	
1 Equity	
a) Equity share capital	14.46
b) Other equity	253.98
<b>Total Equity</b>	<b>268.44</b>
2 Non-Current Liabilities	
a) Financial liabilities	
i) Borrowings	48.75
ii) Other financial liabilities	92.62
b) Provisions	4.72
c) Other non-current liabilities	0.52
<b>Total Non-Current Liabilities</b>	<b>146.61</b>
3 Current Liabilities	
a) Financial liabilities	
i) Borrowings	197.54
ii) Trade payables	
- Due to micro and small enterprise	30.13
- Due to others	219.72
iii) Other financial liabilities	216.81
b) Other current liabilities	20.34
c) Income tax liabilities	13.82
d) Provisions	3.20
<b>Total Current Liabilities</b>	<b>701.56</b>
<b>Total Liabilities (2+3)</b>	<b>848.17</b>
<b>TOTAL EQUITY AND LIABILITIES (B=1+2+3)</b>	<b>1,116.61</b>



SOMANY HOME INNOVATION LIMITED	
Cash Flow Statement (Consolidated)	
Particulars	(₹ in Crore) As at 30 September 2019 (Post Scheme) (Refer Note No. 2) (Unaudited)
<b>Cash flows from operating activities</b>	
Profit before tax	17.45
Adjustments for:	
Finance costs	15.41
Interest income	(0.05)
Gain on disposal of property, plant and equipment	(0.02)
Loss on disposal of property, plant and equipment	0.23
Net (gain) arising on current investments	(0.01)
Sundry balances and liabilities no longer required, written back	(0.17)
Provision for expected credit/impairment loss	3.20
Bad debts written off	0.23
Depreciation and amortisation expenses	20.38
	<b>56.65</b>
<b>Movements in working capital:</b>	
(Increase)/decrease in trade and other receivables	(64.40)
(Increase)/decrease in inventories	(0.32)
(Increase)/decrease in other assets	4.92
Increase/(decrease) in trade and other liabilities	133.16
Increase/(decrease) in provisions	0.90
	<b>74.26</b>
<b>Cash generated from operations</b>	<b>130.91</b>
Income taxes paid	(38.00)
<b>Net cash generated by operating activities</b>	<b>92.91</b>
<b>Cash flows from investing activities:</b>	
Payments to acquire financial assets	-
Proceeds from sale of financial assets	0.01
Interest received	0.04
Payments for property, plant and equipment	(14.89)
Proceeds from disposal of property, plant and equipment	0.17
Movement in other bank balances	(0.08)
<b>Net cash used in investing activities</b>	<b>(14.75)</b>
<b>Cash flows from financing activities:</b>	
Movement in short term borrowings (net)	(55.18)
Payment of lease liabilities	(9.66)
Interest paid	(13.54)
<b>Net cash used in financing activities</b>	<b>(78.38)</b>
<b>Net increase in cash and cash equivalents:</b>	<b>(0.22)</b>
<b>Cash and cash equivalents at the beginning of the year (post demerger)</b>	<b>21.76</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>21.54</b>



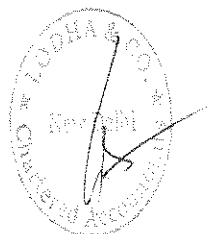
**Notes:**

- (1) The above consolidated financials results of Somany Home Innovation Limited ("SHIL" or "Company") for the quarter and period ended 30th September 2019 have been approved by the Board of Directors at their meeting held on 14th November 2019.
- (2) (a) The Board of Directors of the Company in its meeting held on 10th November 2017 had approved a Composite Scheme of Arrangement under section 230 to 232, read with section 66 and other applicable provisions of the Companies Act 2013 and the provisions of other applicable laws, amongst the Company, Brilloca Limited (a wholly owned subsidiary of the Company) and HSIL Limited and their respective shareholders and creditors ("Scheme"). The Scheme provided for the demerger of, (i) the Consumer Products Distribution and Marketing Undertaking ("CPDM Undertaking") and Retail Undertaking of HSIL Limited into SHIL, and (ii) the Building Products Distribution and Marketing Undertaking ("BPDM Undertaking") of HSIL Limited into Brilloca Limited. The Scheme was approved by the Hon'ble Kolkata Bench of National Company Law Tribunal vide its order dated 26th June 2019, certified copy of the order dated 22nd July 2019 was filed with Registrar of Companies, West Bengal on 5th August 2019 and accordingly the Scheme has come into effect. The Scheme is effective from the Appointed Date i.e. 1st April, 2018. Accordingly due effect of the Scheme have been incorporated.
- (b) In terms of the Scheme, the 100 percent equity share capital of 5,00,000 of Rs 2/- each of the Company held by HSIL Limited stands cancelled, and existing shareholders of HSIL Limited have been issued and allotted fully paid up one equity share of SHIL of face value of Rs 2/- each for every one equity share held by them in the HSIL Limited as on the August 20th, 2019 (record date) 7,22,96,395 no. of equity shares of Rs. 2 each and Rs. 1445.93 <sup>lacs</sup> credited to Share Capital. In terms of the Scheme, the Company have undertaken necessary steps for listing of its equity shares allotted subject to necessary regulatory approvals including the listing approval from stock exchanges.
- (c) The necessary steps and formalities in respect of completion of transfers of properties, licences, approvals and investments as required under the Scheme in favour of the Company and Brilloca Limited and modification of charges etc. are under implementation.
- (ii) As stated above, the aforesaid Scheme of the Company is with HSIL which is erstwhile holding company of SHIL. To give effect of the Scheme from Appointed Date i.e. 1st April 2018 and pursuant to the requirements of Ind AS 103 "Business Combination", the Company has accounted this Business Combination involving entities under common control using the pooling of interest method in the financial results, for prior period i.e. with effect from 1st April 2018 as per Ind AS -103.
- (3) The Group has adopted Ind AS 116 "Leases" effective 1st April, 2019 as notified by the Ministry of Corporate Affairs (MCA) and applied the standard to its leases. This has resulted in recognising right of use assets and corresponding Lease liabilities. The application of Ind AS 116 did not have any significant impact in the financial results for the quarter and period.
- (4) Post implementation of the Scheme, the Company has following subsidiaries: Hindware Home Retail Private Limited (Wholly owned), Brilloca limited (Wholly owned), Luxxis Heating Solutions Private Limited (99.99%).
- (5) Post implementation of Scheme and transfer of CPDM undertaking, Retail Undertaking to the Company, and transfer of BPDM Undertaking to a wholly owned subsidiary Company i.e. Brilloca Limited, the Group has identified following as reportable segments in accordance with the requirement of IND AS 108- Operating segments:
- a). **Consumer Products:** Sales and distribution of consumer products - air purifiers, air coolers, kitchen appliances, water heaters, exhaust fans, water purifiers and related products.
- b). **Retail Business:** Sales and distribution of furniture, furnishings, home decor and other related products.
- c). **Building Products:** Sales and distribution of building products - sanitary ware, faucets, UPVC and CPVC pipes, fittings and related products.
- (6) One of the Subsidiary Company (i.e. Brilloca Limited) has decided to exercise the option permitted under section 155 BAA of the income tax Act, 1961 as introduced by the taxation laws (amendment ordinance, 2019 from the current financials year), accordingly the provision for income tax and deferred tax balances have been recorded/remeasured using the new tax rate and the resultant impact have been recognised in the current periods statement of profit and loss.
- (7) The previous period/year figures have been rearranged /regrouped, whenever considered necessary.
- (8) The statutory auditors of the Company have carried out a limited review of the unaudited financial results for the quarter and period ended 30th September 2019.

Place : Gurugram

Date: 14th November 2019

  
Rakesh Kaul  
Whole Time Directors and CEO



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our Financial Statements which appear elsewhere in this Information Memorandum. You should also read the section titled "Risk Factors" on page 9, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to the financial statements of our Company.*

*This discussion contains forward-looking statement and reflects our current plans and expectations. Actual results may differ materially from those anticipated in these forward-looking statements. By their nature certain risk disclosures are only estimates and could be materially different from those that have been estimated. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the sections titled "Risk Factors", "Forward-Looking Statements" and "Our Business" on pages 9, 5 and 59 respectively. The Financial figures for FY 2018-19 provided in this Chapter are based on Restated Consolidated Financial Statements while for FY 2017-18 are based on Consolidated Financial Statements as given in the section titled "Financial Statements" on Page 96 of this Information Memorandum*

### Overview:

Our Company was incorporated on 28 September, 2017 under the Companies Act, 2013 with the Registrar of Companies, Kolkata. The Company is authorized, 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 purifiers, 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 and cement products of any description.

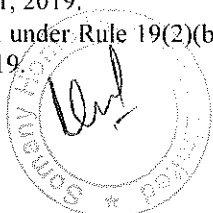
Prior to the Composite Scheme of Arrangement approved by Hon'ble NCLT, Kolkata Bench, amongst HSIL Limited, SHIL and Brilloca Limited and their respective shareholders and creditors, our Company was a wholly owned subsidiary company of HSIL Limited. Pursuant to the Scheme becoming effective, (i) Consumer Products Distribution and Marketing Undertaking of HSIL and (ii) Retail Undertaking of HSIL has been demerged from HSIL and vested into our Company from the Appointed Date of the Scheme, i.e. 01 April, 2018.

Pursuant to the vesting of aforesaid undertakings of HSIL in the Company, the Company is now engaged in 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 scheme and retail business, consisting of branding, marketing, sales, distribution, trading, service, etc. of furniture, furnishings, home décor, etc., more particularly defined in the Scheme.

Further, pursuant to the vesting of Building Products Distribution and Marketing Undertaking of HSIL in Brilloca Limited, our wholly owned subsidiary, Brilloca Limited is now engaged in branding, marketing, sales, distribution, trading, service, etc. in the business of comprehensive bathroom solutions that include sanitaryware, faucets, plastic pipe and fittings, wellness products and other allied products such as 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.

### Significant developments subsequent to the last financial year:

- The National Company Law Tribunal, Kolkata bench, vide its order dated 26 June, 2019 approved the Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under sections 230 To 232 read with section 66 and other applicable provisions of the Companies Act, 2013.
- Our Board of Directors was reconstituted and KMPs were appointed on 14 September, 2019 and 17 September, 2019 respectively.
- In-principle approval for listing of 7,22,96,395 equity shares of Rs. 2/- each of the Company received from National Stock Exchange of India Limited on 11 October, 2019.
- In-principle approval for listing of 7,22,96,395 equity shares of Rs. 2/- each of the Company received from BSE Limited on 13 December, 2019.
- SEBI granted relaxation under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 vide its letter dated 08 November, 2019.



- Hintastica Private Limited was incorporated on 14 November, 2019 as a wholly owned subsidiary of the Company.
- Our Company has launched two new products, i.e, a new range of Hindware Air Purifier in November 2019 and Hindware Snowcrest Ceiling fans in December 2019.

Other than the above, after the date of last restated accounts i.e. 31 March, 2019, the Directors of our Company confirm that there have not been any significant developments having material affect or likely to have material affect within the next twelve months towards the trading or profitability of our Company, the value of our assets or our ability to pay the liabilities.

#### **Certain factors affecting our results of operations:**

The following is a discussion of certain factors that may have, a significant effect on our operations:

#### **Strategic Risks:**

- **Economic uncertainties:** Slowdown of the Indian economy can lead to a demand decline for our products
- **High volatility in real estate industry:** Slowdown in the growth of real estate in the nation could affect sales and revenue
- **Rising competition:** Increase in competition can lead to lowering of sales and market share
- **Entry of multinational players:** Entry of global players with a wide reach into the market can disrupt the sectoral equilibrium
- **Inability to gauge preferences:** In a dynamic market environment, where preferences evolve fast, inability to judge customer's preferences can dent market share

#### **Business Risk:**

- **Unorganized sector:** Low-priced products from players in the unorganized sector can erode our market share
- **Lack of innovation:** Inability to remain relevant in the market through the identification of current trends and roll out innovations
- **Lack of prominence:** Poor marketing and distribution can hinder sales and growth
- **Quality of team:** Low employee competencies and inadequate experience could affect our growth
- **Working capital management:** Inability to meet short-term liquidity requirements can affect growth and profitability
- **Rapid product turnover:** Fast product turnover burdens the inventory excessively
- **Dependence on few suppliers:** We outsource manufacturing of our products to third parties, and any failure by such third parties to meet our standards or perform their obligations may adversely affect our business.

#### **Operational Risk:**

- **Quality issues:** Lowering or variation in product quality can affect sales and cause customer attrition
- **Credit standing:** Inadequate funds may impact the daily operations of the Company
- **Rising costs structure:** Inability to achieve higher cost efficiency may affect profitability

#### **Other Factors:**

- Political stability of the country



- Government policies relating to our businesses
- Investment flow in the country from the other countries
- Company's ability to successfully implement growth strategy
- Compliance with regulations prescribed by authorities of the jurisdictions in which we operate

#### Significant Accounting Policies:

For details of Significant Accounting Policies, please refer to Chapter on “Financial Statements” on Page 96 of this Information Memorandum.

#### Results of Operations

Restated consolidated Statement of Profit and Loss of the Company for the financial year ended 31 March, 2019 (Post-Scheme) and the consolidated Statement of Profit and Loss for the financial year ended 31 March, 2018, the components of which are also expressed in absolute terms and as a percentage of total revenue for such periods, are as under:

(Rs. In Lakhs)

Particulars		Year ended 31 March, 2019 Post - Scheme	% age of Total Income	Year ended 31 March, 2018	% age of Total Income
I	Revenue from operations	1,66,984.56	99.47	-	0.00
II	Other income	896.49	0.53	0.07	100.00
III	<b>Total income</b>	<b>1,67,881.05</b>	<b>100.00</b>	<b>0.07</b>	<b>100.00</b>
IV	<b>Expenses</b>				
	Purchases of stock-in-trade	1,08,959.52	64.90	-	0.00
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	(571.36)	(0.34)	-	0.00
	Employee benefits expense	16,011.93	9.54	-	0.00
	Finance costs	2,851.69	1.70	0.04	57.14
	Depreciation and amortisation expense	1,969.15	1.17	-	0.00
	Other expenses	30,163.36	17.97	6.28	8,971.43
	<b>Total expenses</b>	<b>1,59,384.29</b>	<b>94.94</b>	<b>6.32</b>	<b>9,028.57</b>
V	<b>Profit before exceptional items and tax</b>	<b>8,496.76</b>	<b>5.06</b>	<b>(6.25)</b>	<b>(8,928.57)</b>
VI	Exceptional items	(15.36)	(0.01)	-	0.00
VII	<b>Profit before tax</b>	<b>8,481.40</b>	<b>5.05</b>	<b>(6.25)</b>	<b>(8,928.57)</b>
VIII	<b>Tax expense</b>				
	(1) Current tax	4,283.99	2.55	-	0.00
	(2) Deferred tax	(1,272.27)	(0.76)	-	0.00
	<b>Total tax expense</b>	<b>3,011.72</b>	<b>1.79</b>	<b>-</b>	<b>0.00</b>
IX	<b>Profit for the year</b>	<b>5,469.68</b>	<b>3.26</b>	<b>(6.25)</b>	<b>(8,928.57)</b>
X	<b>Other comprehensive income</b>				
	(i) Items that will not be reclassified to profit or loss				
	(a) Remeasurements of the defined benefit plan	82.13	0.05	-	0.00
	(ii) Income-tax relating to these items	(28.68)	(0.02)	-	0.00
	(iii) Items that will be reclassified to profit or loss				
	(a) Exchange differences on				

	translation of foreign operations	46.99	0.03	-	0.00
<b>Other comprehensive income, net of tax</b>		<b>100.44</b>	<b>0.06</b>	<b>-</b>	<b>0.00</b>
<b>X1</b>	<b>Total comprehensive income for the year</b>	<b>5,570.12</b>	<b>3.32</b>	<b>(6.25)</b>	<b>(8,928.57)</b>

#### Discussion on our Results of Operations:

Our Company was incorporated on September 28, 2017 and for FY 2017-18, we did not generate any income from operations. Subsequently, pursuant to the Scheme becoming effective, (i) Consumer Products Distribution and Marketing Undertaking of HSIL and (ii) Retail Undertaking of HSIL has been demerged from HSIL and vested into our Company from the appointed date of the Scheme, i.e, 1 April, 2018. As such, the Restated Consolidated Financial Results for FY 2018-19 as provided above are based and subsequent to the Scheme becoming effective. For further details, see the Chapters titled "Scheme of Arrangement" and "Financial Statements" on Pages 75 and 96 respectively.

#### Revenue

We had total revenue of Rs. 1,67,881.05 Lakhs and Rs. 0.07 Lakhs for FY 2018-19 and FY 2017-18 respectively, which comprised of Revenue from Operations and other income.

*Revenue from Operations:* Our Revenue from Operations for FY 2018-19 totaled Rs. 1,66,984.56 Lakhs which included Income from Sale of Goods of Rs. 1,63,698.45 Lakhs, Sale from rendering of services of Rs. 10.08 Lakhs and other operating revenues contributed Rs. 3,276.03 Lakhs. We did not generate any income from operations for FY 2017-18.

*Other Income:* Our aggregate other income was Rs.896.49 Lakhs for FY 2018-19 including Management Fee of Rs. 793.65 Lakhs and miscellaneous income of Rs.84.24 Lakhs. For FY 2017 – 18, our other income of Rs.0.07 Lakhs was on account of Gain arising on financial instruments designated as at FVTPL (net).

#### Total Expense:

Our Total Expense for FY 2018-19 and FY 2017-18 were Rs.1,59,384.29 Lakhs and Rs.6.32 Lakhs respectively which primarily comprised of the following expenses:

*Purchase of stock in trade:* Our expenses related to Purchase of stock in trade were Rs.1,08,959.52 Lakhs and Nil for FY 2018-19 and FY 2017-18 respectively. Out of the above, purchase of stock in trade for FY 2018-19 of around Rs.49,697.31 Lakhs were from HSIL Limited.

*Changes in inventories of finished goods, stock-in-trade and work-in-progress:* It stood at Rs.(571.36) Lakhs and Nil for FY 2018-19 and FY 2017-18 respectively.

*Employee Benefit Expenses:* For FY 2018-19, Employee Benefit Expenses were Rs.16,011.93 Lakhs which included Salaries, wages, bonuses, staff welfare expenses and Contribution to provident funds and other funds. For FY 2017-18, there were no such expense.

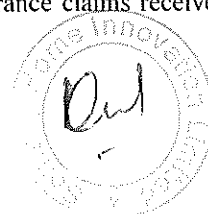
*Finance Cost:* Our Finance Cost were Rs.2,851.69 Lakhs and Rs.0.04 Lakhs for FY 2018-19 and FY 2017-18 respectively.

*Depreciation and Amortization Expense:* Depreciation and Amortization expense was Rs.1,969.15 Lakhs for FY 2018-19. For FY 2017-18, there was no Depreciation and Amortization expense.

*Other expenses:* Our other expenses were Rs.30,163.36 Lakhs for FY 2018-19 including expenses related to Rent (including hire charges) of Rs.3,326.62 Lakhs, Travelling and Conveyance of Rs.2,796.98 Lakhs, Advertisement and Publicity of Rs.9,897.04 Lakhs, Transportation and forwarding of Rs.7,050.19 Lakhs etc. For FY 2017-18 other expenses were Rs.6.28 Lakhs primarily comprising of miscellaneous expenses of Rs.6.19 Lakhs.

#### Miscellaneous income and miscellaneous expenditure

For FY 2018-19, our miscellaneous income includes Export of Marketing Services, Insurance claims received (Dealer and Depot), Investment Subsidy etc.



For FY 2018-19, our miscellaneous expenditure included Office Maintenance expense, Auditor Remuneration and Expense, Postage and Courier, Printing and Stationary, Legal and Professional fees, Telephone expenses, Recruitment expenses, Electricity expenses, Gardening Expenses, ISO – 140001 expenses, ISO – 9002 expenses, Market Testing and Samples, Water Charges, Purchase/Sales tax paid, Bank Charges, Dematerialisation Charges, Filing fees, Listing fees, General Charges, Telephone reimbursement and other adjustments etc.

***Profit before Tax:***

Our Company had Profit before Tax of Rs.8,481.40 Lakhs for FY 2018-19 and loss before tax of Rs.6.25 Lakhs for FY 2017-18.

***Tax Expense:***

Our Total tax expense for FY 2018-19 was Rs.3,011.72 Lakhs which includes Current Tax of Rs.4,283.99 Lakhs and deferred tax of Rs.(1,272.27) Lakhs. For FY 2017-18 there was no tax expense.

***Profit for the Year:***

Our Net Profit was Rs.5,469.68 Lakhs for FY 2018-19 and Loss of Rs.6.25 Lakhs for FY 2017-18.

***Earnings per equity Share:***

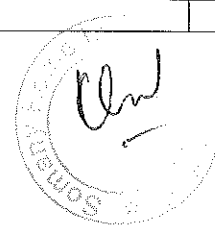
Our Company had Basic and Diluted EPS of Rs.7.57 and Rs.(1.25) for FY 2018-19 and FY 2017-18 respectively.

**Cash flows**

The table below summarizes our cash flows from our Restated Consolidated Financial Information (Post-Scheme) for financial year ended 31 March 2019 and Consolidated Financial Statements for year ended 31 March 2018:

(Rs. In Lakhs)

Particulars	Year ended 31 March, 2019 Post-Scheme	Year ended 31 March, 2018
<b>Cash flows from operating activities</b>		
Profit before tax	8,496.76	(6.25)
<b>Adjustments for:</b>		
Finance costs	2,851.69	0.04
Interest income	(13.66)	-
Gain on disposal of property, plant and equipment	(0.56)	-
Loss on disposal of property, plant and equipment	19.86	-
Net (gain) arising on current investments	(1.95)	(0.07)
Sundry balances and liabilities no longer required, written back	(1,109.35)	-
Provision for expected credit/impairment loss	402.17	-
Provision for doubtful advances	37.43	-
Bad debts written off	6.87	-
Depreciation and amortisation expenses	1,969.15	-
	<b>12,658.41</b>	<b>(6.28)</b>
<b>Movements in working capital:</b>		
(Increase)/decrease in trade and other receivables	(18,552.50)	-
(Increase)/decrease in inventories	(571.83)	-
(Increase)/decrease in other assets	(1,419.11)	-
Increase/(decrease) in trade and other liabilities	15,680.43	1.14
Increase/(decrease) in provisions	116.06	-
	<b>(4,746.95)</b>	<b>1.14</b>
<b>Cash generated from operations</b>	<b>7,911.46</b>	<b>(5.14)</b>
Income taxes paid	(0.21)	-
<b>Net cash generated/ (used) by operating activities</b>	<b>7911.25</b>	<b>(5.14)</b>
<b>Cash flows from investing activities:</b>		





Payments to acquire financial assets	-	(8.50)
Proceeds on sale of financial assets	10.24	-
Interest received	16.14	-
Payments for property, plant and equipment	(3,976.83)	-
Proceeds from disposal of property, plant and equipment	119.04	-
Movement in other bank balances	84.89	-
<b>Net cash generated / (used) in investing activities</b>	<b>(3,746.52)</b>	<b>(8.50)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	-	6.00
Movement in short term borrowings (net)	(9,406.96)	-
Proceed from capital issue	-	10.00
Interest paid	(2,853.31)	0.04
<b>Net cash generated / (used) in financing activities</b>	<b>(12,260.27)</b>	<b>15.96</b>
<b>Net increase in cash and cash equivalents:</b>	<b>(8,095.54)</b>	<b>2.32</b>
Cash and cash equivalents on account of demerger	10,268.73	-
Cash and cash equivalents at the beginning of the year	2.32	-
<b>Cash and cash equivalents at the end of the year</b>	<b>2175.51</b>	<b>2.32</b>

### Borrowing

As on 31 March, 2019, we had long term borrowings of Rs.5,000.00 Lakhs and short term borrowings of Rs.25,272.00 Lakhs. As on 31 March, 2018, we had no long term borrowings. However, we had short term borrowings of Rs.6.00 Lakhs.

### Our Business Segments on Consolidated basis:

Our Business Segments on Consolidated basis includes Building Products, Consumer Products and Retail Business. A breakup of Revenue from Operations from different segments is given below:

<b>Particulars</b>	<b>Revenue from Operations in FY 2018-19 (Rs. in Lakhs)</b>
Building Products	1,27,048.22
Consumer Products	30,562.97
Retail Business	9,373.37

### Seasonality of our Business

Certain of our products (like water heaters and air coolers etc.) are subject to seasonal variations, primarily due to increased usage patterns of some products or derivatives in the summer and/or winter seasons in India

### Related Party Transactions

For details of Related Party Transactions, please refer to Chapter on “Financial Statements” on Page 96 of this Information Memorandum.

### Summary of Changes to Significant Accounting Policies

There is no change in Significant Accounting Policies of our Company.



## SECTION VII - LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no material outstanding or pending litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters and our subsidiary companies, and there are no defaults, non-payment or overdue of statutory dues, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits, other unclaimed liabilities against our Company or our Directors or our Promoters or our subsidiary companies. Further, no disciplinary action (including penalty) has been taken by SEBI or any stock exchanges against our Promoters in the last 5 (five) financial years.

Our Board in its meeting held on 17 September 2019 has considered and adopted a policy of materiality for identification of material litigation for all cases other than (i) criminal proceedings, (ii) actions by statutory or regulatory authorities, and (iii) claims related to direct and indirect taxes (the “**Materiality Policy**”).

In terms of the Materiality Policy, any outstanding litigation:

(a) involving our Company, our Directors, our Promoters, our subsidiary companies in which the aggregate monetary amount involved is in excess of 1 (one) per cent of the total income, as per the restated consolidated financial statements for the financial year ended on 31 March, 2019 would be considered as material. The total income of our Company, as per the restated consolidated financial statements for the FY ended 31 March, 2019 was Rs. 1,67,881.05 lakhs and accordingly, all litigation involving our Company, our Directors, our Promoters, our subsidiary companies in which the amount involved exceeds Rs. 1,678.81 lakhs have been considered as material;

(b) involving our Company, our Directors, our Promoters, our subsidiary companies the outcome of which could have a material impact on the business, operations, prospects or reputation of our Company, irrespective of the amount involved in such litigation, has been considered as material.

Further, in terms of the Materiality Policy, a creditor of our Company, shall be considered to be material for the purpose of disclosure in this Information Memorandum, if amounts due to such creditor exceeds 5 (five) per cent. of our Company's consolidated trade payables as per the restated consolidated financial statements for the financial year ended on 31 March, 2019.

**Litigation involving our Company (including litigations related to the CPDM Undertaking and the Retail Undertaking now stands transferred to Somany Home Innovation Limited):**

#### *Criminal proceedings against our Company*

As on date of this Information Memorandum, there are no Criminal proceedings against our Company.

#### *Criminal proceedings by our Company*

Our Company has filed eighteen (18) complaints (“**Complaints**”) under section 138 of the Negotiable Instruments Act, 1881 against different parties for dishonour of cheques. Total amount involved in such cases is Rs. 136.74 Lakhs. These Complaints are at various stages of adjudication and are currently pending.

#### *Material civil proceedings against our Company*

Evoke Building Concepts Pvt. Ltd. vs HSIL LTD wherein Evoke Building Concepts Pvt. Ltd. (opposite party) has filed injunction suit against the company pertaining to trade mark dispute at Delhi High Court, Delhi. The matter is pending for final adjudication.

#### *Material civil proceedings by our Company*

Writ petition has been filed by Somany Home Innovation Limited V/s Union of India & Others for setting aside the Order dated 03 September, 2018 passed by Regional Director, Eastern region, MCA, Kolkata directing Somany Home Innovation Limited to change its Corporate Name. The Calcutta High Court has granted interim stay against order of Regional Director and the matter is sub-judice.



#### *Cases by/against regulatory and statutory authorities*

As on date of this Information Memorandum, there are no such cases involving our Company.

#### *Tax proceedings involving our Company*

As per the Scheme of Arrangement, the respective liabilities of the undertakings being demerged and vested into our Company including contingent liabilities, liabilities relating to direct and indirect taxation, if any, would be the liability of our Company. Details below are in relation to the liabilities towards direct and indirect taxation of the Company excluding its subsidiaries

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings (Rs. in Lakh)
<b>Direct Tax (A)</b>		
Income Tax	Nil	Nil
<b>Indirect Tax (B)</b>		
Sales Tax and VAT (1)	Nil	Nil
Service Tax (2)	1	77.77
Total (1+2)	1	77.77
<b>Total (A+B)</b>	1	77.77

*\*To the extent quantifiable*

#### **Continuation of legal proceedings (as per para 7.1.6 of the Scheme)**

- (a) "From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against HSIL Limited (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 Somany Home Innovation Limited (Resulting Company 1) after the Effective Date, to the extent legally permissible. To the extent such Demerged Undertaking Proceedings cannot be taken over by Resulting Company 1, such proceedings shall be pursued by the Demerged Company as per the instructions of and entirely at the costs and expenses of Resulting Company 1.
- (b) If the Demerged Undertaking Proceedings are taken against the Demerged Company in respect of the matters referred to in Paragraph 7.1.6(a) above, it shall defend the same in accordance with the advice of Resulting Company 1 and at the cost of Resulting Company 1, and the latter shall reimburse and indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- (c) If any Demerged Undertaking Proceedings is pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against Resulting Company 1 in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.
- (d) In the event of any difference or difficulty on whether any specific legal or other proceedings relates to the CPDM Undertaking or the Retail Undertaking or not, the decision of the Board of Directors of the Demerged Company in this regard shall be conclusive and binding on the Demerged Company and Resulting Company 1."

The outcome of the legal proceedings as stated above are to be read with para 7.1.6 of the Scheme as reproduced above.

#### **Litigation involving our Directors:**

##### *Criminal proceedings by/against our Directors*

##### **Mr. Sandip Somany**

A Criminal Complaint u/s 156(3) of Cr.P.C against the Company, its employees and Director, Mr. Sandip Somany before Judicial Magistrate First Class, Jalandhar, titled as Daljit Roy V/s Sandeep Somany & Others.

Mr. Daljit Roy, the Complainant was one of the many distributors working with the Company's kitchen appliances



category and was involved in selling chimneys in the state of Punjab after purchasing the same from the Company. He had some concerns with the Company as to the air suction power of the purchased chimneys and alleged that their air suction was less than the capacity as claimed on their respective boxes/catalogues, and thus, had filed the aforesaid Complaint. Vide Order dated 06.02.2019, the Court had issued summons to the employees of the Company and Mr. Sandip Somany to appear before the Court.

As the entire issue was purely a consumer dispute of a civil nature, Mr. Sandip Somany and the other employees of the Company had filed two separate petitions u/s 482 Cr.P.C. before the Hon'ble Punjab & Haryana High Court for quashing/setting aside of said summoning order dated 06.02.2019 and the said criminal complaint filed by Mr. Daljit Roy.

Vide Order dated 02.04.2019, the Hon'ble Punjab & Haryana High Court was pleased to stay the proceedings of the criminal complaint and the operation and effect of the summoning Order dated 06.02.2019 pending before Jalandhar District Court. The matter is pending final adjudication before the Hon'ble Punjab & Haryana High Court.

#### **Mr. Ashok Jaipuria**

Mr. Ashok Jaipuria has been implicated as one of the accused, among four other accused persons, in relation to a dispute relating to termination of non-exclusive distributorship agreement of Pragma Electronics' with Cosmo Ferrites Ltd. ("Cosmo") in 2009 and non-payment of dues by Pragma Electronics to Cosmo. Currently, the case is at the stage of arguments on framing of charge against the accused persons. The allegations have been completely denied by Mr. Ashok Jaipuria, as also by the other accused person. His discharge is being sought in the case, *inter alia*, on grounds that there are no specific allegations against him and no material to show any culpability on his part. The dispute is essentially civil in nature and the criminal proceeding instituted against Mr. Jaipuria and representatives of Cosmo is purely a counter-blast to a case filed by Cosmo against Pragma Electronics (filed prior in point of time) for dishonor of cheques (issued by Pragma) and execution petition seeking recovery of an amount of Rs. 87,48,725/- that was awarded to Cosmo by way of an arbitral award passed in its favour in arbitral proceedings which had commenced in 2010 (again, prior in point of time to the criminal proceedings initiated by Pragma Electronics) and concluded in 2016.

#### *Material civil proceedings by/against our Directors*

As on date of this Information Memorandum, there are no Material civil proceedings involving our Directors.

#### *Cases by/against regulatory and statutory authorities*

As on date of this Information Memorandum, there are no such cases involving our Directors. However, SEBI has issued a common order, Order No. WTM/PS/OS/CFD/JUNE/2013, dated June 04, 2013, against 105 listed companies, including India Power Corporation Limited (previously known as DPSC Limited), for non-compliance with the SEBI requirements of maintaining minimum public shareholding in a listed company. By way of the said order, the directors of all such companies, including India Power Corporation Limited, were *inter alia* (a) prohibited from buying, selling or otherwise dealing in securities of such non-compliant companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with the minimum public shareholding requirement; and (b) restrained from holding any new position as a director in any listed company, till such time such non-compliant companies comply with the minimum public shareholding requirement. One of our independent Director, Mr. Nand Gopal Khaitan was also an independent director on the board of directors of India Power Corporation Limited at the time the said order was passed.

Further, Mr. Nand Gopal Khaitan had filed an appeal against the said order of SEBI before the Securities Appellate Tribunal (SAT), and SAT, Mumbai vide its Order dated 03 April, 2019 has quashed the aforesaid SEBI Order.

We further confirm that, M/s. India Power Corporation Limited (previously known as DPSC Limited) is not in any way related to, or affiliated with our Company in any manner.

#### *Tax proceedings by/against our Directors*

<b>Nature of tax involved</b>	<b>Number of cases outstanding</b>	<b>Amount involved in such proceedings (Rs. in Lakh)</b>
Income Tax	1	50.00



#### Litigation involving our Promoters:

Except for cases given above under heading "Litigation involving our Directors" in respect of Mr. Sandip Somany, Director and one of Promoter of our Company, there are no pending Litigations involving our Promoters.

#### Litigation involving our Subsidiary:

##### 1. Hindware Home Retail Private Limited (HHRPL)

As on date of this Information Memorandum, there are no pending litigations involving HHRPL.

##### 2. Luxxis Heating Solutions Private Limited (LHSPL)

As on date of this Information Memorandum, there are no pending litigations involving LHSPL.

##### 3. Hintastica Private Limited (HPL)

As on date of this Information Memorandum, there are no pending litigations involving HPL.

##### 4. Brilloca Limited (including Litigations related to BPDM undertaking now stands transferred to Brilloca Limited)

###### Criminal proceedings by/against Brilloca Limited

(a) 198 (One hundred ninety eight) complaints ("Complaints") under section 138 of the Negotiable Instruments Act, 1881 have been filed against different parties for dishonour of cheques. Total amount involved in such cases is Rs. 1789.85 Lakhs. These Complaints are at various stages of adjudication and are currently pending.

(b) A Criminal case was filed against Manish Vij having its FIR No 109/2013 and CHI No 05/2016 under section - 406, 408, 420, 468, 471 and 120B of IPC. The matter is pending before Bahadurgarh Court for awaiting order from High Court of Punjab and Haryana as Manish Vij has filed a quashing petition before the High Court of Punjab and Haryana titled as Manish Vij Vs State of Haryana & Others having its case no CRM-M 31347/2016 under section 482 of Cr.P.C. Now the matter is subjudice before High Court of Punjab and Haryana.

###### Material civil proceedings by/against Brilloca Limited

As on date of this Information Memorandum, there are no Material civil proceedings involving Brilloca Limited.

###### Cases by/against regulatory and statutory authorities

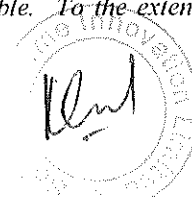
As on date of this Information Memorandum, there are no such cases involving Brilloca Limited.

###### Tax proceedings involving Brilloca Limited

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings (Rs. in Lakh)
<b>Direct Tax (A)</b>		
Income Tax	Nil	Nil
<b>Indirect Tax (B)</b>		
Sales Tax and VAT (1)	18	610.77
Service Tax (2)	Nil	Nil
Total (1+2)	18	610.77
<b>Total (A+B)</b>	18	610.77

#### Continuation of Legal Proceedings (as per para 8.1.6 of the Scheme)

- (a) "From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against HSIL Limited (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 Brilloca Limited (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."*

The outcome of the legal proceedings as stated above are to be read with para 8.1.6 of the Scheme as reproduced above.

#### **Litigation involving our Group Companies:**

##### ***HSIL Limited***

Except as given below, as on date of this Information Memorandum, there are no pending litigation involving HSIL Limited which has a material impact on our Company:

##### **Civil Case**

An Appeal has been filed against HSIL Limited titled as Shubham Sanitaryware V/s HSIL LTD against the order of COMPAT and the matter is pending before Supreme Court of India. This matter is related to Shubham Sanitaryware filing of information of violation of certain provisions of Competition Act by HSIL Limited before Competition Commission of India (CCI) The CCI ordered that no prima facie case of violation of Competition Act is found and closed the matter. Subsequently, Shubham Sanitaryware filed an Appeal against the said Order of CCI before COMPAT but said appeal was dismissed by COMPAT. Thereafter, Shubham Sanitaryware filed an appeal before Supreme Court against the order of COMPAT and the matter is subjudice.

##### **Outstanding dues to small scale undertakings or any other creditors**

As of 31 March, 2019 the total trade payables of our Company, on a restated consolidated basis, were Rs. 17,031.74 lakhs. In terms of the Materiality Policy, our Board considers such creditors 'material' to whom the amount due exceeds 5 (five) per cent of the restated consolidated trade payables of our Company, i.e. Rs. 851.59 lakhs, as of 31 March, 2019.

The details of outstanding dues to creditors, as on 31 March, 2019, are as follows:

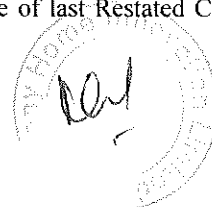
<b>Particulars</b>	<b>No. of creditors</b>	<b>Amount due (Rs. in Lakh)</b>
Micro, small or medium enterprises	182	2,504.62
Material creditors	1	9,440.06
Other Creditors	854	5,087.07
<b>Total</b>	<b>1037</b>	<b>17,031.74</b>

There are no overdues (net basis) to any of our material creditors.

For complete details about outstanding dues to creditors of our Company, please see section titled "Financial Statements" on page 96.

##### **MATERIAL DEVELOPMENT AFTER THE DATE OF LAST RESTATED CONSOLIDATED FINANCIAL STATEMENTS AS ON 31 MARCH, 2019**

Except as given below, in the opinion of our Board, there have not arisen since the date of last Restated Consolidated



Financial Statements as on 31 March, 2019, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next twelve months

- The National Company Law Tribunal, Kolkata bench, vide its order dated 26 June, 2019 approved the Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under sections 230 To 232 read with section 66 and other applicable provisions of the Companies Act, 2013.
- Our Board of Directors was reconstituted and KMPs were appointed on 14 September, 2019 and 17 September, 2019 respectively.
- In-principle approval for listing of 7,22,96,395 equity shares of Rs. 2/- each of the Company received from National Stock Exchange of India Limited on 11 October, 2019.
- In-principle approval for listing of 7,22,96,395 equity shares of Rs. 2/- each of the Company received from BSE Limited on 13 December, 2019.
- SEBI granted relaxation under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 vide its letter dated 08 November, 2019.
- Hintastica Private Limited was incorporated on 14 November, 2019 as a wholly owned subsidiary of the Company.
- Our Company has launched two new products, i.e, a new range of Hindware Air Purifier in November 2019 and Hindware Snowcrest Ceiling fans in December 2019.



## GOVERNMENT APPROVALS

*Pursuant to the Scheme becoming effective (i.e. from 05 August, 2019) with effect from the Appointed Date, all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates, trademarks, trademark applications, trade names and other intellectual property rights, contracts, tenancies, agreements, memorandum 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, assignments, grants, engagements, powers of attorney, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances, income tax benefits and exemptions, and all other benefits, privileges, interests in connection with or relating to the CPDM Undertaking and the Retail Undertaking of HSIL Limited (Demerged Company), shall stand transferred to and vested in or shall be deemed to be transferred to and vested in our Company as if the same were originally given or issued to or executed in favour of our Company, and the rights and benefits under the same shall be available to our Company.*

### Material licenses and approvals obtained by our Company:

#### A. Corporate Approvals

- i. Certificate of incorporation dated 28 September, 2017 issued to our Company by the Registrar of Companies (RoC).

#### B. Approvals from Tax Authorities

- i. The permanent account number of our Company is AAZCS2853D.
- ii. The tax deduction account number of our Company is CALS41006A
- iii. A state-wise break down of the goods and services tax registration number of our Company is as follows:

S. No	State	GSTIN
1.	Delhi	07AAZCS2853D1ZY
2.	Gujrat	24AAZCS2853D1Z2
3.	Haryana	06AAZCS2853D1Z0
4.	Karnataka	29AAZCS2853D1ZS
5.	Madhya Pradesh	23AAZCS2853D2Z3
6.	Punjab	03AAZCS2853D1Z6
7.	Rajasthan	08AAZCS2853D2ZV
8.	Telangana	36AAZCS2853D1ZX
9.	Uttar Pradesh	09AAZCS2853D1ZU
10.	Assam	18AAZCS2853D1ZV
11.	Bihar	10AAZCS2853D1ZB
12.	Gujrat	24AAZCS2853D2Z1
13.	Haryana	06AAZCS2853D2ZZ
14.	Karnataka	29AAZCS2853D2ZR
15.	Madhya Pradesh	23AAZCS2853D1Z4
16.	Maharashtra	27AAZCS2853D1ZW
17.	Punjab	03AAZCS2853D2Z5
18.	Rajasthan	08AAZCS2853D1ZW
19.	Tamil Nadu	33AAZCS2853D1Z3
20.	Telangana	36AAZCS2853D2ZW
21.	Uttar Pradesh	09AAZCS2853D2ZT
22.	West Bengal	19AAZCS2853D1ZT

*Note: GSTIN from s.no. 1 to 9 belongs to CPD while s.no. 10 to 22 belongs to Retail Division.*

#### C. Other Approvals

Our Company is required to obtain various approvals and licenses under various laws, rules and regulations in order to carry on the business in India. These include, among others:

- i. Trade license from the relevant Municipalities/Municipal Corporations.
- ii. Registrations under relevant Shops and Establishment Legislations of various states where our retail stores and showrooms are located.





- iii. Registration under Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948 for our Company.
- iv. The Public Performance Licence for copyrighted music (sound recording) issued by Phonographic Performance Limited.
- v. Professional tax registration certificate under Municipal Corporation.
- vi. BEE - Bureau of Energy Efficiency.
- vii. BIS - Bureau of Indian Standards.



## REGULATORY AND STATUTORY DISCLOSURES

### Authority of Listing

The Hon'ble National Company Law Tribunal, Kolkata Bench vide its order dated 26 June, 2019 (certified copy received by the Company on 24 July, 2019) has approved the Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors for (i) Demerger of the CPDM Undertaking and the Retail Undertaking from the HSIL Limited (Demerged Company) and transfer and vesting of each of them, as a going concern, to Somany Home Innovation Limited (Resulting Company 1) and (ii) Demerger of the BPDM Undertaking from the HSIL Limited (Demerged Company) and transfer and vesting of the same, as a going concern, to Brilloca Limited (Resulting Company 2) under sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013. For more details relating to the Scheme, please refer to section titled "*Scheme of Arrangement*" on page 75 of this Information Memorandum. The equity shares of our Company issued pursuant to the Scheme shall be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and is subject to fulfillment by the Company of the criteria of BSE and NSE and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of application by our Company seeking listing. Our Company has received no objection from BSE and NSE in relation to listing of Equity Shares issued pursuant to the Composite Scheme of Arrangement vide their letter no. DCS/AMAL/PB/R37/1101/2017-18 dated 24 April, 2018 and NSE/LIST/14158 dated 23 April, 2018 respectively.

The Company has received In-principle approval for listing of its Equity Shares on BSE and NSE vide their letter no. DCS/AMAL/SD/IP/1628/2019-20 dated 13 December, 2019 and NSE/LIST/15 dated 11 October, 2019 respectively. Further, the Company has also received the relaxation under Rule 19 (2) (b) of SCRR from SEBI vide their letter no. CFD/DIL2/ADM/AB/P/2019/29592 dated 08 November, 2019 for listing of the Equity Shares of Somany Home Innovation Limited on Stock Exchanges.

### Eligibility Criteria

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter II and III of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 are not applicable; however, SEBI vide its circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended from time to time, if any, has subject to certain conditions permitted unlisted issuer companies to make an application for relaxing from the strict enforcement of Rule 19 (2) (b) of SCRR, as amended. Our Company has submitted this Information Memorandum, containing information about itself, making disclosure in line with the disclosure requirement for public issues as applicable to BSE and NSE for making the said Information Memorandum available to public through websites viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). Our Company has made the said Information Memorandum available on its website [www.shilgroup.com](http://www.shilgroup.com). Our Company will publish an advertisement in the newspapers containing details as per the above mentioned circular. The advertisement will draw specific reference to the availability of this Information Memorandum on its website.

### Prohibition by SEBI

The Company, its directors, its promoters and promoter group, other companies promoted by the promoters and companies with which the Company's directors are associated as director have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

Further, none of the directors of the Company are associated with the securities market in any manner, and SEBI has not initiated any action against any entity, with whom the directors of the Company are associated.

### Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Promoters, Promoter Group is in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018.

### Fugitive Economic Offences

None of our Promoters or Directors is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.



### **Willful defaulter by Reserve Bank of India**

The Company, its promoters, its promoter group, the relatives (as per the Companies Act, 2013) of Promoters and other companies promoted by the Promoters are not identified as willful defaulters by Reserve Bank of India or other authorities.

### **Disclaimer Clause – BSE**

As required, a copy of Draft Scheme was submitted to BSE. BSE has *vide* its letter dated April 24, 2018 granted its observations on the Scheme under Regulation 37 of the SEBI (LODR) Regulations and by virtue of that approval, the BSE's name is included in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

### **Disclaimer Clause – NSE**

As required, a copy of Draft Scheme was submitted to NSE. NSE has *vide* its letter dated April 23, 2018 granted its observations on the Scheme under Regulation 37 of the SEBI (LODR) Regulations and by virtue of that approval, the NSE's name is included in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

### **General Disclaimer from the Company**

The Company accepts no responsibility for statements made otherwise than in this Information Memorandum or in the advertisements published in terms of SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended from time to time, if any, or any other material issued by or at the instance of the Company. Anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Information Memorandum is with the competent courts/authorities in Kolkata, West Bengal, India.

### **Filing**

Copy of this Information Memorandum has been filed with BSE and NSE.

### **Listing**

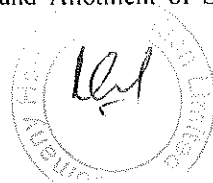
Application has been made to BSE and NSE for permission for listing and trading in and for an official quotation of the Equity Shares of the Company. The Company has nominated NSE as the Designated Stock Exchange for the aforesaid listing of shares. The Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above within such period as approved by SEBI.

### **Demat Credit**

The Company has executed tri-partite Agreements with CDSL and NSDL dated 14 August, 2019 and 01 February, 2019, respectively, for admitting its securities in demat form. The ISIN allotted to the Company's Equity Shares is INE05AN01011. Shares have been allotted on 23 August, 2019 and credited to the demat accounts of those shareholders who were holding shares in HSIL Limited in demat form as on the Record Date i.e., 20 August, 2019. The demat shares have been credited to the demat accounts of the shareholders by CDSL and NSDL on 30 August, 2019 and 20 September, 2019 respectively.

### **Dispatch of share certificates**

Pursuant to the Scheme, the Company has on 23 August, 2019, issued and allotted Equity Shares to eligible shareholders of HSIL Limited on the Record Date i.e., 20 August, 2019 in demat form, to those shareholders holding shares of HSIL Limited in demat form as on Record Date. As per the Companies (Prospectus and Allotment of Securities) (Third



Amendment) Rules, 2018, the company is required to issue securities in dematerialized form only and the Company had also undertaken by way of affidavit dated February 01, 2019, submitted to Regional Director, Eastern Region, Ministry of Corporate Affairs, in respect of the Scheme, to issue shares only in dematerialized form. **Accordingly, the Company was unable to allot shares to those shareholders holding shares in physical form due to aforementioned regulatory reasons.**

In respect of those shareholders who were holding shares in HSIL Limited in Physical form as on the Record Date i.e., 20 August, 2019, the Company has transferred the relevant shares allotted to these physical shareholders in the Suspense Account of the Company maintained with CSDL on 06 December, 2019, as per the direction/advice issued by SEBI. We further confirm/undertake that as soon as the physical shareholders of HSIL Limited dematerialize his/her physical shares, we shall immediately credit the eligible shares of our Company into demat account of such physical shareholders of HSIL Limited out of suspense account as mentioned above.

#### **Consent**

Our Company has obtained consent from our Directors, Statutory Auditor, Legal Advisor and Registrar & Share Transfer Agent.

#### **Expert Opinions**

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

#### **Previous Public or Rights Issue**

The Company has not made any Public Issue or Rights Issues since incorporation.

#### **Capital Issue in the last 3 years**

Neither the Company, nor any listed Group Company has made any capital issue during the last 3 years.

#### **Commission and Brokerage on previous issues**

Since the Company has not issued shares to the public in the past, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

#### **Promise vis-à-vis Performance**

This is for the first time the Company is getting listed on the Stock Exchange.

#### **Outstanding Debenture or Bonds and Redeemable Preference Shares and Other Instruments issued by the Company**

There are no outstanding debentures or bonds or redeemable preference shares or other instruments issued by the Company.

#### **Stock Market Data for Equity Shares of the Company**

Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of shares through this Information Memorandum.

#### **Disposal of Investor Grievances**

Maheshwari Datamatics Private Limited is the Registrar and Transfer Agent of the Company to accept the documents/requests/complaints from the investors/shareholders of the Company. All documents are received at the inward department, where the same are classified based on the nature of the queries/actions to be taken and coded accordingly. The documents are then electronically captured before forwarding to the respective processing units. The documents are processed by professionally trained personnel. The Company/RTA has set up service standards for each of the various processes involved such as effecting the transfer/dematerialization of securities/change of address ranging from 3-7 days.



Ms. Payal M Puri, Company Secretary & Compliance Officer of the Company is vested with responsibility of addressing the Investor Grievance in coordination with Registrar & Transfer Agents.

**Name and Contact Address of the Company Secretary and Compliance Officer:**

**Ms. Payal M Puri**

Company Secretary & Compliance Officer

301-302, 3<sup>rd</sup> Floor, Park Centra, Sector 30, NH-8, Gurugram - 122001

Tel.: +91-124-4779200

Email: [payal@hindware.co.in](mailto:payal@hindware.co.in)

Website: [www.shilgroup.com](http://www.shilgroup.com)

**Change in auditors since incorporation**

M/s. Lodha & Co., Chartered Accountants (Firm Reg. No. 301051E), were appointed as Statutory Auditors of our Company since incorporation.

Except as above, there has been no change in the Auditors of our Company since its incorporation.

**Capitalisation of reserves or profits**

Our Company has not capitalised reserves or profits since incorporation.

**Revaluation of assets**

Our Company has not revalued its assets since incorporation.



## SECTION VIII- OTHER INFORMATION

### MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

I Unless the context otherwise requires words or expression contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which the Articles become binding on the Company.

The marginal notes hereto are inserted for convenience and shall not affect the construction hereof and in these presents, unless there be something in the subject or context inconsistent therewith :-

“Act” means the Companies Act, 2013, read with the rules framed thereunder and includes where the context so admits, any re-enactment or statutory modification thereof, for the time being in force;

“Board of Directors” or “The Board” in relation to Company, means the collective body of the Directors of the Company.

“Committee” shall mean a Committee of Directors constituted by the Board;

“Company” means SOMANY HOME INNOVATION LIMITED.

“Directors” mean the Directors appointed to the Board of the Company.

“Financial Statement”, in relation to the Company, includes —

- (i) a balance sheet as at the end of the financial year;
- (ii) a profit and loss account for the financial year;
- (iii) cash flow statement for the financial year;
- (iv) a statement of changes in equity, if applicable; and
- (v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv) above.

“Independent Director” shall have the same meaning as ascribed to it under sub section 6 of Section 149 of the Act;

“Key Managerial Personnel” shall refer to key managerial personnel as defined in Section 2(51) of the Act.

“Managing Director” means a director who, by virtue of these Articles or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the Company and includes a Director occupying the position of managing director or joint managing director, by whatever name called.

“Members” means duly registered Shareholders from time to time of the Company and shall include beneficial owners whose names are entered as beneficial owners in the records of the Depository (ies).

“Office” means the Registered Office for the time being of the Company.

“Proxy” includes an Attorney duly constituted under a Power of Attorney.

“Register” means the Register of Members to be kept pursuant to Section 88 of the Act.

“Registrar” means the jurisdictional Registrar of Companies, of the state where the registered office of the Company is situated.

“Seal” means the Common Seal which has been adopted by of the Company, if any.

“These Articles” means these Articles of Association as from time to time altered from time to time by Special Resolution.

“Whole-time Director” means a Director who has been appointed a Whole-time Director for the time being of



- (5) Notwithstanding anything contained in the Act or these Articles, where the Securities are dealt with in or by a depository, the Company shall intimate the details of allotment of relevant Securities to the depository immediately on allotment of such Securities.
- (6) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to Securities held with a depository.
- (7) The register and index of Beneficial Owners maintained by a depository under the Depositories Act shall be deemed to be the register and index of members and other Security holders for the purposes of these Articles.
- (8) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security on behalf of the Beneficial Owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- (c) Every person holding Securities of the Company and whose name is entered as the Beneficial Owner in the records of the depository shall be deemed to be a member of the Company. The Beneficial Owners of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of their Securities which are held by the depository.
- 9) Notwithstanding anything in the Act or these Articles to the contrary, where Securities are held in a depository, the records of the Beneficial Ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs."

#### *Lien*

- 9 The Company shall have a first and paramount lien upon all the shares not being fully paid up registered in the name of each member (whether solely or jointly with others) and upon the proceed of sale thereof for moneys called or payable at a fixed time in respect of such shares whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 11 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.
- 10 For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his Committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such shares for seven days after the date of such notice.
- 11 The net proceeds of the sale under Article 33 hereof shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.
- 12 Upon any sale for enforcing a lien purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money, and after his name has been entered in the Register in respect of such shares the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.  
Where any shares under the powers in that behalf herein contained are sold by the Board and the Certificate in respect thereof has not been delivered up to the Company by the former holder of such shares, the Board may issue a new certificate for such shares distinguishing it in such manner as it may think fit, from the certificate not so delivered up.



### *Calls on Shares*

- 13 The Board may from time to time subject to the terms on which any shares may have been issued, and subject to the provision of Section 49 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the person and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorising such call was passed.
- 14 Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
- 15 1) If the sum payable in respect of any call, or installment be not paid on or before the day appointed for payment thereof, the person from whom sum is due for the time being of the share in respect of which the call shall have been made or the installment shall be due shall pay interest for the same at rate of 24 per cent per annum from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.
- (2) The Board shall be at liberty to waive payment of any such interest either wholly or in part.
- 16 If by the terms of issue or allotment of any share or otherwise any amount is made payable at any fixed time or by installments whether on account of the nominal value of the shares or by way of premium, every such amount shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount accordingly.
- 17 On the trial or hearing of any action or suit brought by the company against any member or his representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose on the Register as a member in respect of the number of shares in relation to which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the meeting of the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever but the proof of the matters aforesaid, shall be conclusive evidence of the debt.
- 18 The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the shares registered in his name beyond the sums actually called for, and upon the money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate not exceeding 12 percent per annum as the member paying such sum in advance and the Board agree upon. Money so paid in excess of the amount of calls shall not rank for dividend or participate in the profits of the Company. The Board may at any time repay the amount so advanced upon giving to such member not less than three months' notice in writing.

A call may be revoked or postponed at the discretion of the Board.

### *Transfer of Shares*

- 19 (1) Save as provided in Section 56 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped, dated and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate, or if no such certificate is in existence, the letter of allotment of the share. The transferor shall be deemed to remain the holder in respect of such share until the name of the transferee is entered in the Register in respect thereof.
- (2) Where an instrument of transfer of shares of the Company has been delivered to the Company for registration and the transfer of such shares has not been registered by the Company, it shall comply with the provisions of Section 126 of the Act in respect of the dividend, rights shares and bonus shares in relation to such shares.
- 20 Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that where such application is made by the transferor, no registration shall in the case of a partly paid





the Company and includes a Director who is in the whole-time employment of the Company.

"In writing" and "written" includes printing, lithography and other modes or representing or reproducing words in a visible form.

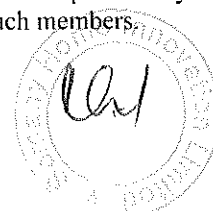
Words importing the singular number also include the plural number and vice versa.

Words importing the masculine gender also include the feminine gender and vice versa.

Words importing persons include corporations.

### *Share capital and variation of rights*

- II (i) Subject to the provisions of the Act and of these Articles, the shares shall be under the control of the Board  
1 who may allot or otherwise dispose of the same to such person(s) on such terms and conditions, and at such times, as the Board thinks fit either at par or at a premium and for such consideration as the Board thinks fit. Provided that the options or right to call of shares shall not be given to any person or persons without the sanction of the Company in general meeting.
- (ii) The Company may pursuant to Section 40 of the Act pay commission and brokerage as provided in the said Section.
- (iii) Except for the purpose of issuance of sweat equity shares (as provided under Section 54 of the Act), the Company shall not issue shares at a discount.
- (iv) If, by the terms of issue or allotment of any share, any amount whether in respect of the share or any premium thereon is made payable on allotment or at any fixed time or by installment, such amount shall when due, be paid to the Company by the member registered in respect of the share or by his executor or administrator or other legal representative.
- (v) Members who are registered jointly in respect of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.
- (vi) Save as herein otherwise provided, the Company shall be entitled to treat the member registered in respect of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by statute required, be bound to recognize any equitable or other claim to or in such share on the part of any other person.
- (vii) Shares may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered jointly as members in respect of any share.
- 2 The certificates of title to shares and duplicates thereof when necessary shall be issued under the Seal, if any, of the Company or signed by two Directors or by a Director and the Company Secretary or person authorized by the Board in this regard, in compliance with the relevant provisions of the Act.
- 3 Every member shall be entitled free of charge to one certificate for all the shares of each class registered in his name, or, if the Board so approves to several certificates each for one or more of such share, but in respect of each additional certificate which does not comprise shares in lots of market unit of trading the Company shall at its option be entitled to charge a fee of Rs. 2/- or such other sum as the Board may determine. Save as provided by Section 56 of the Act the Company shall within two months after the date of the allotment of any of its shares and on surrender to the Company of its letter making the allotment or of its fractional certificates of requisite value (except in the case of issue of bonus shares or in the case of issue against letters of acceptance or of renunciation), within one month after an application for registration of the transfer of any such shares and within a period of six months from the date of allotment of debentures, as the case may be, deliver in accordance with the procedure laid down in Section 20 of the Act, the certificates of such shares or debentures allotted or transferred. The Company shall within 30 days of receipt of an application for subdivision, consolidation, renewal or exchange of any of its shares, as the case may be, complete and have ready for delivery, the certificates for such shares. Every certificate of shares shall specify the number and denoting numbers of the shares in respect of which it is issued and the amount paid up thereon. The Company shall not be bound to issue more than one certificate to members registered jointly in respect of any share and delivery of a certificate to one of such members shall be sufficient delivery to all such members. shall not be bound to issue more than one certificate to members registered jointly in respect of any share and delivery of a certificate to one of such members shall be sufficient delivery to all such members.



- 4 If a certificate of any share be surrendered to the Company for sub-division or consolidation or if any certificate be worn out, defaced, mutilated, torn, old or decrepit or where the pages on the reverse of any certificate for recording transfers have been fully utilized then, upon production thereof to the Board, the Board may order the same to be cancelled and may issue a new certificate in lieu thereof, and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Board and on such terms as to indemnity as the Board may deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to the share to which such lost or destroyed certificate shall relate.
- 5 For every certificate issued under this Article (except when issued on a sub-division or consolidation of share certificates into lots of the market unit or in replacement of those which are old, decrepit, mutilated or worn out or where the pages on the reverse for recording transfers have been fully utilised), there shall be paid to the Company a sum of Rs. 50/- or such other sum as the Board may determine.
- 6 Notwithstanding anything contained in these Articles, the Board may refuse any application for sub-division or consolidation of number of share or of certificates for shares into denomination of less than 50 Equity Shares or less than 5 Preference Shares, as the case may be, except where such sub-division or consolidation is required to be made for compliance with any law or statutory regulation or order or an order or a decree of a competent court. Provided nevertheless that the Board may, at its discretion and in exceptional circumstances and for avoiding any hardship or for any just and sufficient cause (on each of them the decision of the Board shall be final and conclusive) accept any application for sub-division or consolidation of number of shares or of certificates for shares into denomination of less than 50 Equity Shares or 5 Preference Shares, as the case may be of the Company.
- 7 For the purpose of this Article:  
 "Beneficial Owner" means a person or persons whose name is recorded as such with a Depository; "SEBI" means the Securities and Exchange Board of India established under the SEBI Act;  
 "Depository" means a company formed and registered within the meaning of Act, and which has been granted a Certificate of registration to act as a depository under the SEBI Act;  
 "Depositories Act" means the Depositories Act, 1996 or any statutory modification or re-enactment thereof;  
 "Registered Owner" means a Depository whose name is entered as such in the records of the Company;  
 "SEBI Act" means the Securities and Exchange Board of India Act, 1992 or any statutory modification or re-enactment thereof  
 "Security" means such security as may be specified by the SEBI from time to time.
- 8 (1) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise/ rematerialise its Securities and to offer Securities in the dematerialised form pursuant to the Depositories Act.
- (2) Every person subscribing to Securities offered by the Company shall have the option to receive Security certificates or to hold the Securities with a depository. Such a person who is the Beneficial Owner of the Securities can at any time opt out of a depository, if permitted by law, in respect of any Security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates of Securities.
- If a person opts to hold his Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of the information, the depository shall enter in its record, the name of the allottee as the Beneficial Owner of the Security.
- (3) All Securities held by a Depository shall be dematerialised and shall be in fungible form. No certificate shall be issued for the Securities held by the depository. Nothing contained in Section 89 of the Act shall apply to a depository in respect of the Securities held by it on behalf of the Beneficial Owners.
- (4) Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of Securities effected by a transferor and transferee, both of whom are entered as Beneficial Owners in the records of a depository.



share be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 56 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

21.
  1. The instrument of transfer of any shares shall be in the prescribed form and in accordance with the provisions of Section 56 of the Act.
  2. Every instrument of transfer shall be left at the Office for registration, accompanied by the certificate of the share related to the instrument of transfer or if no such certificate is in existence, by the letter of allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.
  3. If the Board refuses to register the transfer of any share, the company shall, within 30 days from the date on which the instrument of transfer was lodged with the company, send to the transferee and the transferor notice of the refusal.
  4. The Board may or may not charge a fee not exceeding Rs. 2/- for the registration of each transfer, grant of probate, grant of letters of administration, certificate of death or marriage, power of attorney or other instrument. Such fee, if required by the Board shall be paid before the registration thereof.
  5. The executor or administrator of a deceased member or the holder of other legal representation (not being one of several registered joint holders) shall be the only person recognised by the company as having any title to the share registered in the name of such member, and in case of the death of any one or more of the registered joint holders of any share, the survivor shall be the only person recognised by the company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased member from any liability on the share in respect of which he is registered jointly with any other person. Before recognising any executor or administrator or other person the Board may require him to obtain a grant of probate or letters of administration or other legal representation, as the case may be, from a competent Court in India and having effect in the place where the Office is situated. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of probate or letters of administration or such other legal representation upon such terms as to Indemnity or otherwise as the Board or Committee thereof, in its absolute, may consider adequate.
22.
  - (1) Subject to the provision of Sections 58 and 59 of the Act, the Board, without assigning any reason for such refusal, may, within 15 days from the date on which the instrument of transfer or the intimation of transmission, as the case may be, was delivered to the Company, refuse to register any transfer of or the transmission by operation of the law of the right to a share which the Board does not approve. Provided that registration of a transfer of shares shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company on any account whatsoever except a lien on the shares.
  - (2) Without prejudice to the provisions of Article 19(1) hereof the Board may not accept any application for registration of transfer of less than 50 Equity Shares or less than 5 Preference shares of the Company, provided that the foregoing shall not apply to:
    - a) a transfer of Shares made in pursuance of any law or statutory Regulation or order or an order or a decree of a competent court;
    - b) a single transfer by a member holding less than 50 Equity Shares or less than 5 Preference Shares of the Company, as the case may be, of all the Shares so held by him to one or more transferees ;
    - c) a transfer by a member holding less than 50 Equity shares or less than 5 preference Shares of the Company, as the case may be to one or more transferees (subject to Article 12 hereof) where after such transfer the shareholding of the said transferee or transferees will not be less than 50 Equity Shares or less than 5 Preference Shares, as the case may be;



- d) a transfer of not less than 50 Equity Shares or not less than 5 Preference Shares of the Company, as the case may be, in the aggregate in favour of the same transferee by several transferors by two or more instruments of transfer submitted together by the said transferee where the said instruments of transfer together relate to not less than 50 Equity Shares or not less than 5 Preference Shares, as the case may be.

Provided nevertheless that the Board may at its discretion and in exceptional circumstances and for avoiding any hardship or for any other just and sufficient cause (on which the Board's decision shall be final and conclusive) accept any application for registration of transfer of less than 50 Equity Shares or less than 5 Preference Shares of the Company.

Provided nevertheless that the Board may at its discretion and in exceptional circumstances and for avoiding any hardship or for any other just and sufficient cause (on which the Board's decision shall be final and conclusive) accept any application for registration of transfer of less than 50 Equity Shares or less than 5 Preference Shares of the Company.

### *Transmission of shares*

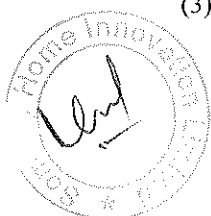
- 23 Any committee or guardian, curator bonis or other legal curator of a lunatic, idiot or non-compos-mentis member or any person becoming entitled to or to transfer a share in consequence of the death or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board or Committee thereof (which the Board shall not be bound to give) be registered as a member in respect of such share, or may, subject to the regulations as to transfer here in before contained, transfer such share. This Article is hereinafter referred to as "The Transmission Article".

- 24 (1) If the person so becoming entitled under the Transmission article shall elect to be registered as a member in respect of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (2) If the person aforesaid shall elect to transfer the share he shall testify his election by executing an instrument of transfer of the share.
- (3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of an instrument of transfer of a share shall be applicable to any notice or transfer as aforesaid as if the death, lunacy or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

- 25 A person so becoming entitled under the Transmission Article to a share by reason of the death or insolvency of a member shall, subject to the provisions of Section 123 of the Act, be entitled to the same dividends and other advantages to which he would be entitled if he were the members registered in respect of the share except that no such person shall before being registered as a member in respect of the share be entitled to exercise in respect thereof any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

- 26 A nominee, upon production of such evidence as may be required by the Board as per the relevant Laws and subject as hereinafter provided, elect, either:
- (1) To be registered himself/herself as holder of the share or debenture, as the case may be; or
- (2) To make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, could have made
- (3) If the nominee elects to be registered as holder of the share or debenture, himself/herself, as the case may be, he/she shall deliver or send to the Company, a notice in writing signed by him/her stating that he/she so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture



holder as the case may be;

- (4) a nominee shall be entitled to the same dividends and other advantages to which he/she would be entitled to, if he/she were the registered holder of the share or debenture except that he/she shall not, before being registered as a member in respect of his/her share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself/herself or to transfer the shares or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of such share or debenture, until the requirements of the notice have been complied with.

### *Forfeiture of shares*

- 27 If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

The notice shall name a day (not being less than fourteen days from the date of service of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

- 28 If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment of calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect.

- 29 When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register including Depository, but no forfeiture shall be in any manner be invalidated by any omission or neglect to make such entry as aforesaid.

- 30 (1) Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell or otherwise dispose of the same on such terms and in such manner as it thinks fit.

- (2) Where any share is so sold or disposed off by the Board and the certificate in respect thereof is not delivered up to the Company by the former holder of such share, the Board may issue a new Certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

- 31 The Board may at any time before any share so forfeited shall have been sold or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding such forfeiture remain liable to pay, and shall forthwith pay to the Company, all calls or installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of forfeiture, until payment at 12 per cent per annum and the Board may enforce the payment thereof, or any part thereof without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not under any obligation to do so.

- 32 A duly verified declaration in writing that the declarant is a Director/Manager/Secretary of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares. The Company may receive the consideration given for the shares on any sale or disposal thereof and the receipt of the Company for such consideration shall constitute a good discharge to the person making the payment. A person appointed by the Board may execute an instrument of transfer in respect of the shares in favour of the person to whom the shares are sold or disposed off and he shall thereupon be registered as the member in respect of such shares and shall not be bound to see to the application of the purchase money, nor shall his title



to such shares be effected by any irregularity' or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

- 33 The provisions of Articles 23 to 30 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **Alteration of capital**

- 34 The Company in a General Meeting may from time to time alter the conditions of its Memorandum of Association so as to:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; Provided that no consolidation and division which results in changes in the voting percentage of members shall take effect unless it is approved by the National Company Law Tribunal.
  - (b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum so however, that, in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
  - (c) cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount, of the shares so cancelled.

- 35 The resolution whereby any share is sub-divided may determine that, as between the members registered in respect of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others or other, subject, nevertheless, to the provisions of Sections 43, 47 and 48 of the Act.

- 36 The Company in a General Meeting may from time to time alter the conditions of its Memorandum of Association to increase the capital by the creation of new shares of such amount as may be deemed expedient.

Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien and otherwise.

- 37 If, owing to any inequality in the number of new shares to be issued, and the number of shares held by members entitled to have the offer of such new share, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in General Meeting be determined by the Board.

The Company in General Meeting by Special Resolution, may from time to time reduce its capital and any share premium account or capital redemption reserve account in any manner and with and subject to any incident authorized and consent required by law.

#### **Capitalisation of profits**

- 38 Subject to the provisions of the Act, any general meeting may upon the recommendation of the Board reserve that the whole or any part of the undivided profits of the company (which expression shall include any premiums received on the issue of shares and any profits or other sums which have been set aside as a reserve or have been carried forward without being divided) be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized amount be applied on behalf of such members in paying up in full any unissued shares, debentures or debenture-stock of the company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalised amount. Provided that any sum standing to the credit of as share premium account or a capital redemption reserve account may, for the purposes of this



Article, only be applied in paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

Any general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income-tax, be distributed amongst the members on the footing that they receive the same as capital.

- 39 For the purpose of giving effect to any resolution under the two last preceding Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized funds as may seem expedient to the Board. Where requisite a proper contract shall be filled in accordance with Section 39 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.

#### ***Buy-back of shares***

- 40 Save as permitted by Section 67 of the Act, the funds of the Company shall not be employed in the purchase of, or lent on the security of shares of the Company and the Company shall not give directly or indirectly, any financial assistance whether by way of loan, guarantee, provision of security or otherwise for the purpose of or in connection with any purchase of or subscription for shares in the company or any company of which it may, for the time being, be a subsidiary. However, subject to and to the extent permissible in accordance with the applicable provisions of the Act, including any statutory modification or amendment to or re-enactment thereof or guidelines issued by any statutory authorities, the Company shall have powers to purchase any of its shares or otherwise whether or not they are redeemable and may make the payment out of capital in respect of such purchase, provided that, nothing herein contained shall be deemed to effect the provisions of Section 66 of the Act, whenever applicable.

#### ***General Meetings***

- 41 In addition to any other meetings, general meetings of the Company shall be held within such intervals as are specified in Section 96(1) of the Act and, subject to the provisions of Section 96(2) of the Act, at such times and places as may be determined by the Board. Such general meeting shall be called an "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other general meeting of the Company shall be called an "Extraordinary General Meeting".

The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall, on the requisition of members pursuant to Section 100 of the Act proceed to convene an Extraordinary General Meeting in accordance with the provisions of the said Section 100.

- 42 The Company shall comply with the provisions of Section 111 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.

Save as provided in Section 101 of the Act, not less than clear twenty-one days' notice shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place, date, the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of special business as hereinafter defined there shall be annexed to the notice a statement complying with Section 102 of the Act. Notice of every meeting of the Company shall be given to every member of the Company, every director of the Company, to the auditor of the Company and to any person entitled to a share in consequence of the death or insolvency of a member in any manner hereinafter authorised for the giving of notices to such person.

The accidental omission to give any such notice to or the non-receipt by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting.



### *Proceedings at general meetings*

- 43 The ordinary business of an Annual General Meeting shall be to receive and consider the Financial Statements and the Reports of the Directors and of the Auditors, to appoint Directors in the place of those retiring by rotation, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other general meeting shall be deemed special business.
- 44 Save as provided in Section 103 of the Act, no business shall be transacted at any general meeting unless a quorum of members is present at the meeting. Save as herein, otherwise provided such number of members present in person shall be a quorum, as prescribed under the Act.
- 45 Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if effected by an ordinary resolution as defined in Section 114(1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a special resolution as defined in Section 114(2) of the Act.
- 46 1. The Chairman of the Board shall be entitled to take the Chair at every general meeting. If there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall choose another Director as Chairman and if no Director be present or if all the Directors present decline to take the Chair, then the members present shall, on a poll if properly demanded elect one of their members, being a member entitled to vote, to be Chairman of the meeting.
2. Every question submitted to a meeting shall unless a poll is demanded or voting is carried out electronically be decided, in the case of an equality of votes by the Chairman of the meeting who shall have a casting vote in addition to the vote to which he may be entitled as a member.

At any general meeting, unless a poll is duly ordered by the Chairman or voting is carried out electronically, a declaration by the Chairman that the resolution has or has not been carried, or has or has not been carried either unanimously, or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of, or against the resolution.

3. (1) Before or on the declaration of the result of the voting on any resolution a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company:
- 
- (a) Which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or
- (b) On which an aggregate sum of not less than Rs. 5,00,000 or such higher amount as may be prescribed has been paid up.
- (2) A poll on a question of adjournment or on the election of a Chairman shall be taken forthwith. A poll on any other question shall be taken in such manner and at such time and place as the Chairman of the meeting directs and subject as aforesaid either at once or after an interval or adjournment or otherwise provided that a poll demanded as aforesaid shall be taken at such time not being later than forty-eight hours from the time when the demand was made. The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.
- (3) The demand for a poll may be withdrawn at any time.
- (4) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report to him thereon.
- (5) On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.





The order for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been ordered.

4. (1) The Chairman of General Meeting may with the consent of the Meeting at which a quorum is present and shall if so directed by the meeting adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (2) Save as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### *Adjournment of meeting*

- 47 Save as provided in Section 103, if within half-an-hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such time and place as the Board may decide by giving not less than three days' notice and if at such adjourned meeting a quorum be not present, those members who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.

#### **Voting rights**

- 48 1. (1) Save as hereinafter provided, every member present in person or as a duly authorized representative of body corporate, if he is not entitled to vote in his own right shall have one vote. However, every person present Proxy shall not have the right to speak at such meeting and shall not be entitled to vote except on a poll.
  - (2) Save as hereinafter provided, on a poll the voting rights of members shall be as specified in Section 47 of the Act.
  - (3) Save as hereinafter provided the voting rights of the holders of the Preference Shares shall be in accordance with the provisions of Section 47 of the Act.
  - (4) No company or body corporate shall vote by proxy so long as a resolution of its board of directors under the provisions of Section 113 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered.
  - (5) The Company shall provide to its members a facility to exercise their right to vote at general meeting by electronic means as provided in Section 108 of the Act. A member may exercise his right to vote at any general meeting by electronic means and the Company may pass any resolution by an electronic voting system in accordance with the provisions of the Act and rules framed thereunder. The Company shall provide an electronic voting platform for recording the votes of members and the number of votes polled in favor or against, such that the entire voting exercised by electronic means gets registered and counted in an electronic registry in a centralized server with adequate cyber security. The electronic voting process shall be conducted in the manner laid down under the Act and rules framed thereunder.
- 49 1. Where a company or a body corporate (hereinafter called "member company") is a member of the Company, a person duly appointed by resolution in accordance with the provisions of Section 113 of the Act to represent such member company at a meeting of the Company, shall not, by reason of such appointment, be deemed to be a proxy, and the production at the meeting of a copy of such resolution duly signed by one director of such member company and certified by him as being a true copy of the resolution shall, on production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy and by postal ballot on behalf of the members company which he represents, as that member company could exercise if it were an individual member.
- 50 1. If any member be lunatic, idiot or non-compos mentis, he may vote at a poll by his committee, curator bonis or other legal curator and such last mentioned person may give his vote by proxy, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Board of his right under the Transmission Article to the shares in respect of which he proposes to exercise his right under this Article, unless the Board shall have previously admitted his right to



vote at such meeting in respect thereof.

- 51 1. Where there are members registered jointly in respect of any shares, any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if they were solely entitled thereto; and if more than one of such members be present at any meeting either personally or by proxy, then one of the said members so present whose names stands first in the Register in respect of such share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purposes of this Article be deemed to be members registered jointly in respect thereof.
- 52 On a poll, votes may be given either personally or by proxy or, in the case of body corporate, by a representative duly authorised as aforesaid.
- 53 No member shall be entitled to execute any voting right either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.
- 54 1. (1) Any objection as to the admission or rejection of a vote, on a poll made in due time or in any other manner permitted under the Act including voting through electronic means, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.
- (2) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

#### *Proxy*

- 55 The instrument appointing a proxy shall be in writing in the form prescribed under the Act, and under the hand of the appointor or of his attorney duly authorised in writing or if such appointer is a body corporate be under its Common Seal or the hand of its officer or attorney duly authorised.
- Save as provided in the Act, a person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this with reasonable prominence and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights or can be a proxy for a single member holding more than ten percent of the total share capital of the Company carrying voting rights.
- 56 The instrument appointing a proxy and the power-of-attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of authority, shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.
- 57 A vote given in accordance with the terms of and instrument appointing proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the Office before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion thinks fit of the due execution of an instrument of proxy and that the same has not been revoked.

#### *Board of Directors*

- 58 The number of the Directors of the Company shall not be less than three or more than fifteen, provided that the Company may appoint more than fifteen directors after passing a special resolution.
- Subject to the provisions of the Act, the Company shall have at least one Director who has stayed in India for a total period of not less than one hundred and eighty-two days in the previous calendar year, at least one woman Director, if required under the Act and such number of Independent Directors, as may be required from time to time under the Act or applicable laws.



59 (1) Not less than two-third of the total number of Directors (excluding Independent Directors) shall be persons whose period of office is liable to determination by retirement of Directors by rotation.

(2) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remains owing to the Company from a state Financial Corporation or any Financial Institutions and/or Banks out of any loans/debenture assistance granted to the Company or so long as the Financial Institutions and/or Banks hold or continue to hold any Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished by the Financial Institutions and/or Banks on behalf of the Company remains outstanding, the Financial Institutions and/or Banks shall have the right in terms of agreement, if any, to appoint from, time to time, any person or persons as a Director or Directors, (which Director, or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any such person or persons so appointed and to appoint any other person or persons in his or their place/s. The provisions in these Article as to the retirement of the Directors by rotation shall not apply to such Director/s.

The Board shall have the power to constitute such committees as may be deemed necessary or required under the Act and formulate policies for the business, operations and management of the Company.

60 The persons herein after named become the first Directors of the Company, that is to say:-

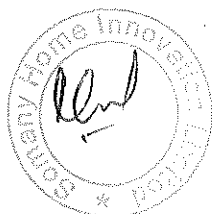
1. SANDIP SOMANY

2. GIRDHARI LAL SULTANIA

3. NIRANJAN KUMAR GOENKA

- 61
1. The Board shall have power from time to time and at any time to appoint any person, other than a person who fails to get appointed as a Director in a general meeting, as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only upto the date of the next Annual General Meeting of the Company or the last date on which the Annual General Meeting should have been held, whichever is earlier, and shall then be eligible for reappointment.
  2. The continuing directors may act notwithstanding any vacancy in their body, but so that if the number falls below the minimum quorum fixed by the Act for the meeting of the Board, the Board shall not, except for the purpose of filling vacancies to increase the number of Directors to that fixed for the quorum, or for summoning a general meeting of the Company, act so long as the number is below the minimum quorum.
  3. The office of a Director shall become vacant on any of the grounds specified in sub-Section (1) Section 167 of the Act.
  4. A Director or other person referred to in Section 188 of the Act may be appointed to or hold any office or place of profit under the Company or under any subsidiary or associate of the Company in accordance with the provisions of the said Section 188.
  5. A Director of the Company may be or become a director of any other company promoted by the Company or in which it may be interested as a vendor, member or otherwise and no such Director shall be accountable except otherwise required under the Act for any benefits received as a director or member of such company.
  6. Company shall comply with provisions of the Act for all the transactions it undertakes with any related party (as defined therein).
  7. The provisions of Sections 184 and 189 of the Act shall be complied with in respect of any contract or arrangement with the Company in which a Director of the Company is in any way, whether directly or indirectly, concerned or interested.

62 Unless otherwise determined by the Company in General Meeting each Director shall be entitled to receive out of the funds of the Company for each meeting of the Board or a Committee thereof attended by him such fee as may from time to time be determined by the Board but not exceeding such as may from time to time be



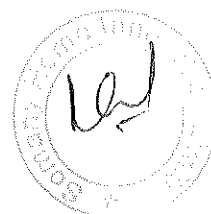
prescribed by or under the Act and applicable to the Company.

All other remuneration, if any, payable by the Company to each Director in respect of his services as a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid their reasonable traveling and hotel and other expenses incurred in the execution of their duties as Directors and in attending and returning from Board meetings and/or General Meetings.

- 63 Subject to Section 197 and Schedule V of the Act and unless otherwise determined by the Company in General Meeting, all the Non-Executive Directors together shall be further paid on the net profits of the Company a Commission at the rate of 1% of such profits. Provided, however, if any Director ceases to be a Director before the completion of the year his share of Commission will be divided proportionately between him and his successor in office and in the event of there being no successor in office, proportionate amount, which would have been paid to the successor would be divided amongst the continuing Directors equally.
- 64 Subject to the applicable provisions of the Act, the Board may from time to time appoint one or more Directors (a) to be Whole-time Director or Whole-time Directors or (b) to executive office or offices, either Whole-time or part time, upon such terms and conditions and upon such remuneration (either in addition to or in substitution for any other remuneration to which he may be entitled) as the Board may determine and the Board may from time to time entrust to or confer upon such Director[s] such of the powers exercisable by the Board to be exercised for such objects and purposes and with such restrictions as it may think fit and may from time to time revoke, withdraw, alter or vary all or any of such powers.

#### *Proceedings of the Board*

- 65 (1) Subject to the provisions of the Act, the Board shall meet together at least once in every calendar quarter for the despatch of business and may adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every calendar year (once in every calendar quarter) in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. Notice in writing of every meeting of the Board shall be given to every Director by hand or by speed post or by registered post or by courier or by facsimile or by email or by any other electronic means or any other means permitted under the Act to the postal address or e-mail address registered by the Director with the Company, at least 7 (seven) business days prior to each Board and Committee meeting, unless in any particular case a majority of the directors agree otherwise. The participation of directors in a meeting of the Board may be either in person or through video conferencing according to Section 173.
- (2) The agenda for each Board and Committee meeting and all papers connected therewith and/or proposed to be placed or tabled before the Board or the Committee shall be circulated at least 7 (seven) days prior to the Board or the Committee meeting and, no items, save and except those specified in the agenda, may be discussed at any Board or Committee meeting, unless permitted by the Chairman of the meeting along with the consent of the majority of the directors present in the meeting (which majority shall include at least one Independent Director).
- 66 A Director may at any time, and the Secretary shall, upon the request of a Director made at any time, convene a meeting of the Board.
- 67 The Board may from amongst their number appoint a Chairman of its meetings and determine the period for which he is to hold office. If no such Chairman is appointed or if at any meeting of the Board the Chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose someone of their number to be Chairman of such meeting.
- 68 The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 174 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.
- 69 A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles for the time being vested in or exercisable by the Board.



- 70 Subject to the provisions of the Act, questions arising at any meeting of the Board or of the Committee shall be decided by a majority of votes, and, in case of an equality of votes, the Chairman of the Board or the Committee, as the case may be shall have a second or casting vote.
- 71 The Board may, subject to the provisions of the Act, from time to time and at any time delegate, any of its power to a Committee consisting of such Director or Directors as it thinks fit and may from time to time revoke or alter such delegation. Any Committee so formed shall, in the exercise of the power so delegated, conform to any regulations that may from time to time be imposed upon it by the Board or the Act.
- 72 The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the last preceding Article.

All acts done by any meeting of the Board or of a committee thereof or by any person acting as a Director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Director or such person had been duly appointed and was qualified to be a Director.

- 73 Save in those cases where a resolution is required under the Act, to be passed at a meeting of the Board, a resolution passed by the Board by circulation in the manner prescribed under Section 175 of the Act shall be as valid and effectual as if it had been passed at a meeting of the Board or a Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be at their address registered with the Company in India by hand delivery or by post or by courier or through electronic means (such as email or fax), and has been approved by a majority of the Directors, as are entitled to vote on the resolution.

***Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer***

- 74 1. Subject to the provisions of the Act, the Board may from time to time, appoint one or more Directors to be the Managing Director or Managing Directors of the Company and may, from time to time (Subject to, the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places. Provided that a Managing Director or Chief Executive Officer can be appointed as the Chairperson of the Company at the same time, in compliance with the Act.
2. Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 179 thereof the Board may from time to time entrust to and confer upon any Managing Director for the time being such of the powers exercisable under those presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit, and it may confer such powers, either collaterally with, or to the exclusion of and substitution for all or any of the powers of the Board in that behalf; and may from time to time revoke, withdraw, alter or vary all or any of such powers.
3. Subject to the provisions of Sections 152 of the Act, a Managing Director may be appointed on terms that he shall not, while he continues to hold that office, be subject to retirement by rotation within the meaning of Article 98 but (subject to the provisions of any contract between him and the Company) each Managing Directors shall be subject to the same provisions as to resignation and removal as the other Directors of the Company and they shall ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.
4. Subject to the provisions of the Act, a Managing Director may be a non-retiring Managing Director. If at any time the total number of Managing Directors not subject to retirement by rotation is more than one-third of the total number of Directors, the Managing Directors who shall not retire be determined by and in accordance with their respective seniorities. For the purpose of this Article seniorities shall be determined by the date of appointment and, in the case of those with seniority from the same day in accordance with the provisions of Article 98.



5. Subject to the provisions of Sections 197 read with Schedule V of the Act, a Managing Director shall in addition to the remuneration payable to him as a director of Company under these Articles receive such additional remuneration as may from time to time be determined by the Board.

- 75 Subject to the provisions of the Act, Secretary may be appointed by the Board for such period and on such terms and conditions as to remuneration or otherwise as the Board may think fit.

#### *The Seal*

- 76 It has been adopted that the Board shall provide for the safe custody of the Seal and the Seal shall never be used except by the authority previously given by the board or a Committee of the Board authorised by the Board in that behalf, and save as provided by Article 13 hereof at least one Director shall sign every instrument to which the Seal is affixed. Provided nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same.

#### *Dividends and Reserve*

- 77 Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto or unless otherwise provided in any respect by the terms of issue, the profits of Company which it shall from time to time determine, to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity Shares of the Company, but so that a partly paid up share shall only entitle the members registered in respect thereof to such a proportion of the distribution upon a fully paid up share as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance calls, upon the footing that the same will carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

- 78 The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 127 of the Act, fix the time for payment.

No larger dividend shall be declared than is recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

Subject to the provisions of Section 123 of Act, no dividend shall be payable except out of the profits of the Company or of moneys provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.

The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

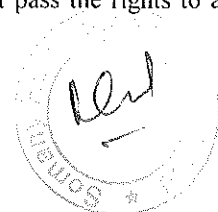
Subject to Section 123 of the Act, the Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company

- 79 The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

Subject to the provisions of Article 14, any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member, be set off against the call.

- 80 Subject to the provision of the Act, any general meeting declaring a dividend may resolve that such dividend be paid wholly or in part, by the distribution of specific assets, and in particular of paid up shares, debentures or debenture-stock of the Company, or paid up shares, debenture stock of any other company, or in any one or more of such ways.

Subject to Section 126 of the Act and Article 19 hereof a transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.



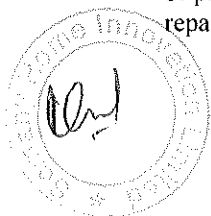
- 81 No dividend shall be paid in respect of any share except to the member registered and beneficial owners whose names may be provided by Depositories, in respect of such share or to his order or to his bankers, Nothing in this Article shall be deemed in any manner the operation of Article 137 hereof.
- 82 Any one of several persons who are registered jointly in respect of any share, may give effectual receipts for all dividends, bonuses and other payments in respect of such share.
- 83 Unless otherwise directed in accordance with Section 123 of the Act, and dividend, interest or other moneys payable in cash in respect of any share may be paid by any electronic mode or by cheque or warrant sent by post to the registered address of the member or in the case of members registered jointly to the registered address of that one of the members registered jointly who is first named on the Register in respect of such share or to such person and such address as the member or members registered jointly, as case may be, may direct, and every cheque or warrant sent shall be made payable to the order of the person to whom it is sent.
- 84 Any dividend which has been declared by the Company but has not been paid or claimed (within the meaning of Section 124 of the Act) within 30 days from the date of declaration to or by a member entitled to the payment of such dividend shall be dealt with by the Company in accordance with the said Section 124 of the Act.
- 85 The Board may from time to time before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may at the like discretion, either be employed in the business of the Company or subject to the provisions of the Act, be invested in such investments (other than shares of the Company) as the Board may from time to time think fit. The Board may from time to time deal with and vary such investments and dispose off all or any part thereof for the benefit of the Company and may also carry forward any profits which it may think prudent not to divide without setting them aside as a reserve.

#### *Accounts*

- 86 (i) The Board shall cause to be kept in accordance with Section 128 of the Act proper Books of Account and other relevant books and papers and Financial Statements for every financial year of the Company in accordance with Section 128 of Act.
- (ii) The books of account shall be kept at the Office or such other place in India as the Board may decide and when the Board so decides, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other office.
- (iii) Subject to Section 128, the books of account and other books and papers maintained by the Company within India shall be open to inspection at the Office or such other place in India as the Board may decide, during business hours by any Director,
- (iv) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the Books of Account and books and documents other than those referred to in Article 116(2) and 159 or any of them, shall be open to inspection by the members not being Directors and no member (not being a Director) shall have any right of inspecting any books of account or book or documents of the Company except as conferred by law or authorised by the Board or by the Company in General meeting.
- (v) The books of account of the Company relating to a period of not less than eight financial years immediately preceding a financial year together with the vouchers relevant to any entry in such books of account shall be preserved in good order.

#### *Winding up*

- 87 Upon the winding-up of the Company, the holders of Preference Shares shall be entitled to be paid all arrears of preferential dividend whether earned or declared down to the commencement of winding-up and also to be repaid the amount of capital paid up or credited as paid up on such Preference Share held by them respectively



in priority to the Equity Shares but shall not be entitled to any further rights to participate in profits or assets subject as aforesaid and to the rights of any other holders of share entitled to receive preferential payment over the Equity Shares in the event of the winding up of Company, the holders of Equity Shares shall be entitled to be repaid the amount of capital paid up or credited as paid up on such shares and all surplus assets thereafter shall belong to the holders of Equity Shares in proportion to the amount paid up or credited as paid up on such Equity Shares respectively at the commencement of the winding-up. If the assets shall be insufficient to repay the whole of the paid up equity capital, such, assets shall be distributed so that as nearly as may be the Losses shall be borne by the members holding Equity Shares in proportion to the capital paid up or which ought to have been paid up on the Equity Shares held by them respectively at the commencement of the winding up other than the amounts paid by them in advance of calls.

If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide among the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators, with the like sanction, shall think fit.

### *Indemnity*

- 88 Every Director, Secretary or officer of the Company or any person (whether an officer of the Company or not) employed by the Company, and any person appointed Auditor shall be indemnified out of the funds of the Company against all liabilities incurred by him as such Director, Secretary or officer, employee or Auditor in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under Section 463 of the Act in which relief is granted to him by the Court from such liability.

### *Others*

- 89 1. MODIFICATION OF RIGHTS

Whenever the capital is divided into different classes of shares all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 48 of the Act, be modified, commuted, affected, abrogated, varied or dealt with by agreement between the Company and any persons purporting to contract on behalf of the class, provided such agreement, is (A) consented to in writing by the holders of at least three-fourths of the issued shares of that class or (B) sanctioned by a resolution passed at a separate meeting of the members registered in respect of shares of that class and all the provisions hereinafter contained as to general meetings shall, mutatis mutandis, apply to every such meeting except that the quorum thereof shall be at least two persons at least holding or representing by proxy not less than one-fifth of the issued shares of that class.

### 2. BORROWING POWERS

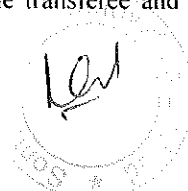
The Board may subject to the provisions of Sections 73, 74, 76A, 179, 180 and 181, of the Act, raise or borrow any sum or sums for the purposes of the Company and secure repayment of any sum or sums borrowed, in such manner and at such time or times and upon such terms and conditions as it may think fit.

Any debentures, debenture-stock, bonds or other securities may be issued on such terms and conditions as the Board may think fit provided that debentures, debenture-stock bonds or other securities with a right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting by a special resolution. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

(i) Save as provided in Section 56 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.

(ii) Delivery by the Company of certificates upon allotment or registration of transfer of any Debentures, Debenture-stock or Bond issued by the Company shall be governed and regulated by Section 56 of the Act.

If the Board refuses to register the transfer of any debentures the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the





transferor notice of the refusal.

### 3. ROTATION OF DIRECTORS

At each Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office. An additional Director appointed by the Board under Article 88 hereof shall not be liable to retire by rotation within the meaning of this Article.

The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but between persons who become Directors on the same day, those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

Save as permitted by Section 162 of the Act, every resolution of a general meeting for the appointment of a Director shall relate to one named individual only.

The Company, at the Annual General Meeting at which a Director retires by rotation in manner aforesaid may fill the vacated office by appointing the retiring Director or some other person thereto. If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a holiday, at the same time and place. If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill up the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:

- (a) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the vote and lost; or
- (b) the retiring Director has by notice in writing addressed to the Company or the Board expressed his unwillingness to be re-appointed; or
- (c) he is not qualified or is disqualified for appointment; or
- (d) a resolution, whether special or ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act; or
- (e) the provision to Section 162 of the Act is applicable to the case.

The Company may, subject to the provisions of Section 169 of the Act by ordinary resolution of which special notice has been given remove a Director before expiration of his period of office and may by ordinary resolution of which special notice has been given, appoint another person in his stead, if the Director so removed was appointed by the Company in General Meeting or by the Board under Article 102. The person so appointed shall hold office until the date up to which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed, the Board may at any time thereafter fill such vacancy as a casual vacancy under the provisions of the Act read with Article 102 of these Articles.

If any Director appointed by the Company in General Meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled by the Board but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such vacancy by appointing thereto any person who has been removed from the office of Director under Article 101.

No person not being a Director retiring by rotation shall, subject to the provisions of the Act, be eligible for appointment to the office of Director at any general meeting unless he or some member intending to propose him as a Director has not less than fourteen days before the meeting, left at the Office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office, as the case may be along with a deposit of Rs. 1,00,000/- or such amount as may be prescribed which shall be refunded to such person or, as the case may be, to such member, if the person proposed succeeds in getting elected as Director or gets more than 25% of total valid votes cast on such resolution.



#### 4. ALTERNATE DIRECTORS

Subject to the provisions of the Act, the Board may appoint any person, not being a person holding any alternate directorship for any other Director in the Company, to act as alternate Director for a Director during the latter's absence for a period of not less than three months from India and such appointee, whilst he holds office as an alternative Director, shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly; but he shall not require any qualification and shall ipso facto vacate office if and when the Director in whose place he has been appointed returns to India or the absent Director vacates office as a Director before he so returns to India.

#### 5. KEY MANAGERIAL PERSONNEL

The Company shall have such Key Managerial Personnel as required under the Act.

#### 6. MINUTES

- (1) The Company shall in accordance with the provisions of Section 118 of the Act cause minutes to be kept of all proceedings of every general meeting of any class of shareholders or creditors in the Company, and of every resolution passed by postal ballot and every meeting of the Board and of Committees of the Board.
- (2) The minutes books of general meeting of the Company shall be kept at the Office and shall be open to inspection by any member on business day between the hours of 3-00 P.M. and 5-00 P.M.

#### 7. POWER OF DIRECTORS

Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do. Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provision in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

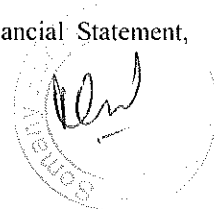
#### 8. FINANCIAL STATEMENTS

At every Annual General Meeting the Board shall lay before the Company the Financial Statements made up in accordance with the provisions of Section 129 of the Act and such Financial Statement shall comply with the requirements of Sections 129, 133 and 134 of and Schedule III to the Act so far as they are applicable to the Company but, save as aforesaid, the Board shall not be bound to disclose greater details of the result or extent of the trading and transactions of the Company that it may deem expedient.

There shall be attached to every Financial Statement laid before the Company a report by the Board complying with Section 134 of the Act.

A copy of every Financial Statement, including consolidated Financial Statements, if any, the Auditors' Report and every document required by law to be annexed or attached to the Financial Statements shall, as provided by Section 136 of the Act, not less than 21 days before the meeting be sent (including via electronic mode as may be permissible under the Act) to every member, trustee for the holders of any Debentures issued by the Company and other persons to whom the same is required to be sent by the said Section and a statement containing the salient features of such documents in the prescribed form approved by the Board and, signed on behalf of the Board in accordance with Section 134 (1) of the Act or copies of the said documents, as the Company may deem fit, is sent (including via electronic mode as may be permissible under the Act) to every member and other person entitled thereto not less than 21 days before the date of the meeting provided further that any member or other person referred to in Section 136 of the Act shall on demand be entitled to be furnished free of cost with a copy of the full Financial Statement.

The Company shall comply with Section 137 of the Act as to filing copies of the Financial Statement,



including consolidated Financial Statements, if any, the auditors' report and every document required by law to be annexed or attached to the Financial Statements with the Registrar

The Company shall place its Financial Statements including consolidated Financial Statements, if any, and all other documents required to be attached thereto, on its website, which is maintained by or on behalf of the Company.

## 9. AUDITORS

The Company at the Annual General Meeting shall appoint an Auditor or Auditors to hold office until the conclusion of the every sixth Annual General Meeting, with the meeting wherein such appointment has been made being counted as the first meeting and shall within [fifteen days] of the appointment give, intimation thereof to every Auditor so appointed. The appointment, removal, resignation, remuneration, rights and duties etc. of the Auditor or Auditors shall be regulated by Sections 139 to 146 of the Act.

Every Financial Statement when audited and adopted by the Company in General Meeting shall be conclusive except as regards any error discovered therein within three months next after the adoption thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and henceforth shall be conclusive.

## 10. SERVICE OF NOTICES AND DOCUMENTS

(1) A notice or other document may be served on the Company by a member in accordance with the provisions of Section 20 of the Act.

(2) A notice or other document may be served by the Company on a member or a person entitled to a share in consequence of the death or insolvency of a member in accordance with Section 20 of the Act.

Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register shall be duly given to the person from whom he derives his title to such share.

Subject to the relevant provisions of the Act or other applicable law in the event of a winding-up of the Company, every member of the Company who is not for the time being in the neighborhood of the office shall be bound, within eight weeks after the passing of an effective resolution to wind up the Company voluntarily or the making of an order for the winding-up of the Company, to serve notice in writing on the Company appointing some householder residing in the neighborhood of the office upon whom all summonses, notices, process, orders and judgement in relation to or under the winding-up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee whether appointed by the member or the liquidator shall be deemed to be good personal service on such member for all purposes, and where the liquidator makes any such appointment he shall with all convenient despatch give notice thereof to such member by advertisement in some daily newspaper circulating in the neighborhood of the office or by a registered letter sent by post and addressed to such member at his address as registered in the register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of post. The provisions of this Article shall not prejudice the right of the liquidator of the Company to serve any notice or other document in any other manner prescribed by these Articles.

## 11 KEEPING OF REGISTERS AND INSPECTION

The Company shall duly keep and maintain at the Office the various Registers required to be kept and maintained under the Act or Rules made thereunder.

The Company shall comply with the requirement of the Act as to the supply of copies of registers, deeds, documents, instruments, returns, certificates and books etc. upon the payment of such fees as prescribed by the Board in accordance with the Act.

Subject to the provisions of these Articles where under any provisions of the Act any person whether a member of the Company or not is entitled to inspect any register, return, certificate, deeds, instrument or



The Company may, after giving not less than seven days' or such lesser period as may be specified by the Securities and Exchange Board of India previous notice by advertisement in some newspapers circulating in the district in which the Office is situate, close the Register of Members or the Register of Debenture holders (including the register of other security holders, if any), as the case may be, for any period or periods not exceeding in the aggregate forty-five days in each year but not exceeding thirty days at any one time.

On any sale of the undertaking of the Company the Board or the liquidators on a winding-up may, if authorised by a special resolution, accept fully paid or partly paid up shares, debentures or securities of any other company, whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permit) or the liquidators (in a winding-up) may distribute such shares or securities, or any other property of the Company amongst the members without realisation, or vest the same in trustees for them and any special resolution may provide for the distribution or appropriation of each shares or other securities, benefits or property otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all members shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights, if any, under Section 494 of the 1956 Act as are incapable of being varied or excluded by these Articles or the relevant provisions under the Companies Act, 2013, upon notification.

Every Director, Secretary, Trustee for the Company, its members or debenture-holders, members of a committee, officer, servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any general meeting or by Court of law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

#### 14. GENERAL AUTHORITY

## 15. NOMINATION

(2) Where the securities of the Company are held by more than one person jointly, the joint holders may

together nominate, in the prescribed manner, a person to whom all the rights in the securities of the Company as the case may be, shall vest in the event of death of all the joint holders.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such securities of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the securities of the Company, the nominee shall, on the death of the holder of securities or, as the case may be, on the death of the joint holders become entitled to all the rights in such securities or, as the case may be, all the joint holders, in relation to such securities, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

(4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his/her death, during the minority.

16. The regulations contained in Table F in the first schedule to the Act shall apply to the Company to the extent to which they are not modified, varied, amended or altered by these Articles.



## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Information Memorandum), which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at 2, Red Cross Place, Kolkata, West Bengal, India – 700001 from 10:00 a.m to 3.00 p.m. on working days from the date of the Information Memorandum.

### Material contracts and documents for inspection

- Certificate of Incorporation of the Company.
- Memorandum and Articles of Association, as amended till date.
- Letter under Regulation 37 of the SEBI (LODR) Regulations issued by BSE (DCS/AMAL/PB/R37/1101/2017-18 dated 24 April, 2018) and NSE (NSE/LIST/14158 dated 23 April, 2018) according their no-objection to the Scheme.
- Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors.
- Order dated 26 June, 2019 (certified copy received on 24 July, 2019) of the Hon'ble National Company Law Tribunal, Kolkata sanctioning the Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors under sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013.
- Annual Reports of the Company for the FY ended 31 March, 2018 and 31 March, 2019.
- Statement of tax benefits dated 25 September, 2019 issued by M/s. Lodha & Co., Statutory Auditors.
- Tripartite Agreement dated 01 February, 2019 with NSDL, RTA and the Company.
- Tripartite Agreement dated 14 August, 2019 with CDSL, RTA and the Company.
- BSE letter no. DCS/AMAL/SD/IP/1628/2019-20 dated 13 December, 2019 granting in-principle approval for listing.
- NSE letter no. NSE/LIST/15 dated 11 October, 2019 granting in- principle approval for listing.
- SEBI letter no. CFD/DIL2/ADM/AB/P/2019/29592 dated 08 November, 2019 granting relaxation from the applicability of Rule 19 (2) (b) of SCRR for listing of the shares of the Company.

Any of the contracts or documents mentioned in the Information Memorandum may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance with the provisions contained in the Companies Act and other relevant statutes.



## DECLARATION

All relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements made in this Information Memorandum are true and correct.

**For and on behalf of the Board of Directors of Somany Home Innovation Limited**



**Name:** Mr. Rakesh Kaul

**Designation:** Whole-time Director & CEO

**Place:** Kolkata

**Date:** 18 December, 2019

