

11<sup>th</sup> October, 2019

The Corporate Relationship Dept.,  
BSE Ltd.,  
Phiroze Jeejeebhoy Towers,  
1<sup>st</sup> Floor, New Trading Ring  
Rotunda, Dalal Street,  
Mumbai - 400 001

The Secretary,  
National Stock Exchange of India Ltd,  
Exchange Plaza, 5th Floor,  
Plot No. C/1, G-Block  
Bandra-Kurla Complex,  
Bandra (E), Mumbai - 400 051

**Sub.: Apportionment of Cost of Acquisition of Equity Shares of HSIL Limited and new shares issued by Somany Home Innovation Limited pursuant to the Composite Scheme of Arrangement between HSIL Limited (Transferor Company), Somany Home Innovation Limited (First Transferee Company) and Brilloca Limited (Second Transferee Company) and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 (Scheme of Arrangement)**

Dear Sir/Madam,

With reference to the captioned subject, we have attached herewith the communication being issued for general guidance of shareholders of the Company pertaining to apportionment of the cost of acquisition as per the provisions of the Income Tax Act, 1961 of (i) shares of HSIL Limited; and (ii) new shares issued and allotted by Somany Home Innovation Limited pursuant to the Scheme of Arrangement sanctioned by the Hon'ble National Company Law Tribunal, Kolkata Bench.

This is for your information and widely dissemination for the shareholders of the Company.

For HSIL Limited



(Pulkit Bhasin)  
Company Secretary

Name: Pulkit Bhasin  
Address: 301-302, 3<sup>rd</sup> Floor, Park Centra, Sector-30, NH-8, Gurugram-122001  
Membership No. 27686

**HSIL Limited**

(An ISO 9001 14001 OHSAS 18001 Certified Company)

**Corporate Office:** 301-302, 3<sup>rd</sup> Floor Park Centra, Sector-30, NH-8, Gurgaon, Haryana - 122 001. T+91-124-4779200, F +91-124-4292898/99

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

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## FOR THE ATTENTION OF SHAREHOLDERS OF HSIL LIMITED

Dear Shareholders,

The Kolkata Bench of National Company Law Tribunal by its Order dated 26<sup>th</sup> June 2019 sanctioned the Composite Scheme of Arrangement amongst HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and their respective shareholders and creditors (the "Scheme").

Pursuant to Sanctioned Scheme, Assets and Liabilities relating to CPDM Undertaking and Retail Undertaking of HSIL Limited (the "Transferor Company") have been transferred at their respective book values to Somany Home Innovation Limited ("First Transferee Company" or 'SHIL'), and Assets and Liabilities relating to BPDM Undertaking of Transferor Company have been transferred at their respective book value to Brilloca Limited a wholly owned subsidiary of SHIL ("Second Transferee Company"), with effect from the Appointed Date under the Scheme i.e. 1st April 2018.

This communication is being issued for general guidance of shareholders of Transferor Company as on Record Date, for computing proportionate cost of acquisition of equity shares of First Transferee Company (issued pursuant to sanctioned Scheme) on consolidated basis jointly with subsidiary companies, post demerger, and for the purpose of computing the capital gain/loss as per the provisions of the Income-tax Act, 1961 (the "Act") arising upon the sale of such shares. The shareholders are advised to seek legal opinion, should they feel it necessary.

The Scheme satisfies the provisions of Section 2(19AA) of the Act and hence arrangement specified in Scheme is in compliance with the provisions of the Act. In accordance with the provisions of Section 47(vii) of the Act, the arrangement/demerger specified in the Scheme will not be taxable in the hands of the shareholders.

### **Computation of Cost of Acquisition per equity share of HSIL Limited and Somany Home Innovation Limited (jointly with Brilloca Limited and other subsidiaries)**

In accordance with the provisions of section 49(2C) of the Act, the cost of acquisition of equity shares in Transferor Company and First Transferee Company, individually, shall be the amount which bears to the cost of acquisition of shares held in the Transferor Company, in same proportion as net book value of assets transferred pursuant to demerger to net worth of Transferor Company immediately before such demerger.

In accordance with the provisions of section 49(2D) of the Act, the cost of acquisition of the original shares held by the shareholder in the Transferor Company shall be deemed to have been reduced by the cost of acquisition of shares in the First Transferee Company computed as per section 49 (2C) of the Act.

For determining post demerger cost of acquisition of equity shares of Transferor Company and cost of equity shares of First Transferee Company on consolidated basis under the Act, the shareholders are informed to apportion their pre-demerger cost of acquisition of Transferor Company's equity shares in the following manner:

For HSIL LIMITED  
  
Company Secretary

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Name of Company	Allocation of Cost of Acquisition of Transferor Company equity share
HSIL Limited (Transferor Company)	82.73%
Somany Home Innovation Limited (First transferee Company)	17.27%
<b>Total</b>	<b>100.00%</b>

In accordance with the provisions of Section 2(42A) (g) of the Act, for reckoning the period of holding as on the date of sale of equity shares of First Transferee Company issued pursuant to the Scheme, the period for which the shares were held in the Transferor Company prior to the Scheme shall be included.

Further, according to the provisions of Section 47(vii) of the Act, the issue of shares by First Transferee Company pursuant to the Scheme, to the equity shareholders of Transferor Company will not be regarded as transfer. Accordingly, the date of acquisition of shares in Transferor Company shall be deemed to be the date of acquisition of shares in First Transferee Company as well.

*The communication is merely for the general guidance of the shareholders and should not be considered as a substitute for any independent opinion that the shareholders may obtain. The Company takes no express or implied liability in relation to this guidance. The concerned regulatory, statutory or judicial authority, including any assessing officer/appropriate appellate authority, could take a different view.*

*Please note that if there is any change including change having retrospective effect in the statutory laws, regulations, the comments expressed in this communication would necessarily have to be re-evaluated in light of the changes. The Company does not take the responsibility of updating this communication at any time in future.*

Thanking You,

For HSIL Limited



(Pulkit Bhasin)  
Company Secretary

Name: Pulkit Bhasin  
Address: 301-302, 3<sup>rd</sup> Floor, Park Centra, Sector-30, NH-8, Gurugram-122001  
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