

# 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 31st March 2019, the Consolidated Statement of Profit & Loss (including Other Comprehensive Income), and the Consolidated Statement of Cash Flows for the year as on 31st 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 31st 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 3rd 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.
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. 1st 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 Brillloca Ltd. respectively (refer Note no.36).

# AUDITORS' REPORT

## 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 31st 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:
- 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.
  - 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:
- in the case of the re-stated figures of Balance Sheet, of the state of affairs as at 31st March 2019;
  - in the case of the Statement of Profit and Loss, of the re-stated profit for the year ended 31st March 2019; and
  - in the case of the re-stated Cash Flow Statements for the year ended 31st 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 to 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: 25th September 2019

# Somany Home Innovation Limited

## Consolidated balance sheet as at 31 March 2019

(₹ in lakh)

	Note	As at 31 March 2019 (post scheme refer note no.36)	As at 31 March 2018
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(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>
<b>2 Current assets</b>			
(a) Inventories	9	27,929.42	-
(b) Financial assets			
(i) Investments	10	26.99	8.57
(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>			
<b>1 Equity</b>			
(a) Equity share capital	17	-	10.00
(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>
<b>2 Liabilities</b>			
<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			
(i) Borrowings	23	25,272.00	6.00
(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 : 25th September 2019

**Rakesh Kaul**  
Whole Time Director and CEO  
DIN: 08560772

**Payal M. Puri**  
Company Secretary  
ACS No.: 16068

**For and on behalf of the Board of Directors**

**Sandip Somany**  
Chairman  
DIN: 00053597

**Naveen Malik**  
Chief Financial Officer

**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
<b>III Total income</b>		<b>1,67,881.05</b>	<b>0.07</b>
<b>IV Expenses</b>			
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
<b>Total expenses</b>		<b>1,59,384.29</b>	<b>6.32</b>
<b>V Profit before exceptional items and tax</b>		<b>8,496.76</b>	<b>(6.25)</b>
<b>VI Exceptional items</b>		(15.36)	-
<b>VII Profit before tax</b>		<b>8,481.40</b>	<b>(6.25)</b>
<b>VIII 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>IX Profit for the year</b>		<b>5,469.68</b>	<b>(6.25)</b>
<b>X 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			
Exchange difference on translation of foreign operations		46.99	-
<b>Other comprehensive income, net of tax</b>		<b>100.44</b>	-
<b>XI Total comprehensive income for the year</b>		<b>5,570.12</b>	<b>(6.25)</b>
<b>XII Earnings per equity share (of ₹ 2/- each):</b>			
Basic and diluted		7.57	(1.25)

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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 : 25th September 2019

**Rakesh Kaul**  
 Whole Time Director and CEO  
 DIN: 08560772

**Payal M. Puri**  
 Company Secretary  
 ACS No.: 16068

**For and on behalf of the Board of Directors**

**Sandip Somany**  
 Chairman  
 DIN: 00053597

**Naveen Malik**  
 Chief Financial Officer

# 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>		
<b>Profit before tax</b>	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	-
	(4,746.95)	1.14
<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	<b>10,268.73</b>	-
Cash and cash equivalents at the beginning of the year	<b>2.32</b>	-
<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  
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**For and on behalf of the Board of Directors**

**Sandip Somany**  
Chairman  
DIN: 00053597

**Naveen Malik**  
Chief Financial Officer

# Somany Home Innovation Limited

## Consolidated statement of changes in equity for the year ended 31 March 2019

### a. Equity share capital

(₹ in lakh)

Particulars	Number of shares	Amount
<b>Issued and paid up capital</b>		
<b>Balance as at 1 April 2017</b>	-	-
Issue of equity share capital during the year	5,00,000	10.00
<b>Balance as at 31 March 2018</b>	<b>5,00,000</b>	<b>10.00</b>
Share cancelled pursuant to the scheme of arrangement (read with note 36(b))	(5,00,000)	(10.00)
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>-</b>

### b. Share capital suspense account

(₹ in lakh)

Particulars	Number of shares	Amount
<b>Balance as at 1 April 2018</b>	-	-
Share suspense account (read with note 36(b))	7,22,96,365	1,445.93
<b>Balance as at 31 March 2019</b>	<b>7,22,96,365</b>	<b>1,445.93</b>

### c. 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)	
<b>Balance as at 1 April 2018</b>	-	-	-	<b>(6.25)</b>	-	-	<b>(6.25)</b>
Transfer due to scheme (refer note 36)	39.88	7,238.97	2,449.08	8,904.47	-	10.95	<b>18,643.35</b>
Cancellation of Equity Shares pursuant to demerger @	10.00	-	-	-	-	-	<b>10.00</b>
<b>Closing Balance as at 1 April 2018</b>	<b>49.88</b>	<b>7,238.97</b>	<b>2,449.08</b>	<b>8,898.22</b>	-	<b>10.95</b>	<b>18,647.10</b>
Profit for the year	-	-	-	5,469.68	-	-	<b>5,469.68</b>
Other comprehensive income for the year (net of income tax)	-	-	-	-	46.99	53.45	<b>100.44</b>
Total comprehensive income for the year	-	-	-	5,469.68	46.99	53.45	<b>5,570.12</b>
<b>Balance as at 31 March 2019</b>	<b>49.88</b>	<b>7,238.97</b>	<b>2,449.08</b>	<b>14,367.90</b>	<b>46.99</b>	<b>64.40</b>	<b>24,217.22</b>

@ This is to be read with note number 36(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 : 25th September 2019

**Rakesh Kaul**  
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ACS No.: 16068

For and on behalf of the Board of Directors

**Sandip Somany**  
Chairman  
DIN: 00053597

**Naveen Malik**  
Chief Financial Officer

# **Somany Home Innovation Limited**

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

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

## **Somany Home Innovation Limited**

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

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 Consolidated 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
<b>Property, plant and equipment</b>	
Plant and machinery	7.5-25 years
Buildings	10-60 years
Furniture and fixtures	10 years
Office equipment	5 years
Computer	3-6 years
Vehicles	8 years*

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

<b>Asset class</b>	<b>Useful life</b>
<b>Intangible assets</b>	
Technical know-how	10 years
Software	6 years

\* 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.

**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.

# **Somany Home Innovation Limited**

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

### **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:

- 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.

# **Somany Home Innovation Limited**

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

### **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
- 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.

# **Somany Home Innovation Limited**

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

### **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 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



## Somany Home Innovation Limited

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

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.

#### (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.



## **Somany Home Innovation Limited**

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

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March.

#### **Consolidation procedure:**

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.2 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')-

## Somany Home Innovation Limited

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

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. <i>(subsidiary of Halis International Limited)</i>	1 <sup>st</sup> April 2018	Netherland	100%
Haas International B.V. <i>(subsidiary of Alchemy International Cooperatief U.A.)</i>	1 <sup>st</sup> April 2018	Netherland	100%
Queo Bathroom Innovations Limited UK <i>(subsidiary of Haas International B.V.)</i>	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 2018 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.

# **Somany Home Innovation Limited**

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

### **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.

#### **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

(₹ in lakh)

Description of assets	Buildings	Leasehold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
<b>I. Gross block</b>								
Opening balance as at 1 April 2018	-	-	-	-	-	-	-	-
Transfer due to scheme as on 1 April, 2018 (refer note 36)	-	1,123.55	1,462.05	748.43	4,940.11	952.69	451.07	9,677.90
Additions	1.02	4.58	5,035.80	66.34	1,462.21	279.61	57.37	6,906.93
Disposals/adjustment	-	-	(8.50)	(104.22)	(15.33)	(15.11)	(48.96)	(192.12)
<b>Balance as at 31 March 2019</b>	<b>1.02</b>	<b>1,128.13</b>	<b>6,489.35</b>	<b>710.55</b>	<b>6,386.99</b>	<b>1,217.19</b>	<b>459.48</b>	<b>16,392.71</b>
<b>II. Accumulated depreciation and amortisation</b>								
Opening balance as at 1 April 2018	-	-	-	-	-	-	-	-
Transfer due to scheme as on 1 April, 2018 (refer note 36)	-	652.14	135.95	515.94	1,923.46	632.40	152.66	4,012.55
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)	(3.78)	(53.78)
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>730.65</b>	<b>623.00</b>	<b>562.35</b>	<b>2,867.56</b>	<b>816.26</b>	<b>227.67</b>	<b>5,827.49</b>
<b>Net block (I-II)</b>								
<b>Balance as at 31 March 2019</b>	<b>1.02</b>	<b>397.48</b>	<b>5,866.35</b>	<b>148.20</b>	<b>3,519.43</b>	<b>400.93</b>	<b>231.81</b>	<b>10,565.22</b>

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

(₹ in lakh)

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

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

(₹ in lakh)

Particulars	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>	-

### Note 7 - Deferred tax (net)

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Deferred tax asset arising on account of</b>		
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	-
	<b>3,402.58</b>	-
Deferred tax liabilities	-	-
<b>Deferred tax assets (net)</b>	<b>3,402.58</b>	-

### 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	-
	<b>387.40</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 9 - Inventories

(₹ in lakh)

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

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

### Note 10 - Current investments

(₹ in lakh)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Units	Amount	Units	Amount
<b>Fair value through profit and loss (FVTPL)</b>				
<b>Quoted investments</b>				
HDFC Liquid Fund-Regular Plan-Growth (face value ₹10/-)	737.285	26.99	251.239	8.57
	<b>737.285</b>	<b>26.99</b>	<b>251.239</b>	<b>8.57</b>
<b>Other disclosures</b>				
Aggregate book value of quoted investments		24.94		8.50
Aggregate amount of market value of quoted investments		26.99		8.57

### Note 11 - 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	-
	<b>37,893.94</b>	-
Less: Credit impaired	2,262.45	-
	<b>35,631.49</b>	-
<b>Movement in the allowance for doubtful debts</b>		
Particulars	As at 31 March 2019	As at 31 March 2018
<b>Transfer due to scheme as on 1 April, 2018 (refer note 36 )</b>	1,704.40	-
Expected credit losses provided for during the year	560.14	-
Amounts written back during the year (net)	(2.09)	-
	<b>2,262.45</b>	-

### Note 12 - Cash and cash equivalents

(₹ in lakh)

Particulars	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	-
	<b>2,175.51</b>	<b>2.32</b>
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.		

# Somany Home Innovation Limited

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

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

(₹ in lakh)

Particulars	As at	
	31 March 2019	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	-
	<b>2.17</b>	<b>-</b>

### Note 14 - Current financial assets - loans

(₹ in lakh)

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

### Note 15 - Current financial assets - Other financial assets

(₹ in lakh)

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

### Note 16 - Other current assets

(₹ in lakh)

Particulars	As at	
	31 March 2019	31 March 2018
<b>(unsecured and considered good)</b>		
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)	-
	<b>6,534.09</b>	<b>-</b>

### Note 17 - Equity share capital

(₹ in lakh)

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
<b>Authorised:</b>				
Equity shares of ₹ 2 each	7,50,00,000	1,500.00	50,00,000	100.00
<b>Issued:</b>				
Equity shares of ₹ 2 each	-	-	5,00,000	10.00
<b>Subscribed and fully paid:</b>				
Equity shares of ₹ 2 each	-	-	5,00,000	10.00
	<b>-</b>	<b>-</b>	<b>5,00,000</b>	<b>10.00</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 17 - Equity share capital (contd.)

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

(₹ in lakh)

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	10.00	-	-
<b>Equity shares outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>5,00,000</b>	<b>10.00</b>

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

(₹ in lakh)

	As at 31 March 2019		As at 31 March 2018	
	Number	% of holding	Number	% of holding
HSIL Limited	-	-	5,00,000	100.00
* Information is furnished as per shareholder register as at the year end.				

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

-      1,445.93      -      -

### Note 18 - Other equity

(₹ in lakh)

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

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

#### Nature and purpose of other reserves:

- Capital reserve was created on amalgamation of certain entities/undertaking into the Company.
- 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.
- Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specific 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

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018			
<b>Measured at amortised cost</b>					
<b>Secured:</b>					
Term loans from banks:					
rupee loans	5,000.00	-			
	<b>5,000.00</b>	-			
<p>1. Loan has been allocated based on the sanction/confirmation received from a bank, pending creation of security and compliance of conditions stipulated.</p> <p>2. Secured by first pari passu charge of movable fixed asset (PPE) of the company.</p> <p>3. Tenure of above loan and security is as per the transferor company (HSIL Limited) as stated in credit facility is being carved out.</p>					
Particulars	Currency	Year of maturity	Carrying amount as at 31 March 2019	Carrying amount as at 31 March 2018	Remarks
Secured loan from bank - rupee loans	₹	2026-27	5,000.00	-	Refer note below
<p>Note: MCLR - Marginal Cost of funds based Lending Rate : Interest rate ranging from 1 year MCLR+08bps to 1 year MCLR+60 bps</p>					
<b>Note:</b>					
Note-1 Loan has been allocated based on the sanction/confirmation received from a bank, pending creation of security and compliance of condition stipulated.					
Note-2 Loan is secured by first pari-passu charge on fixed assets of the transferor Company (HSIL Limited) located at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana (read with note 36(e)).					

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

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade deposits	2,752.92	-
	<b>2,752.92</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 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	-
	<b>492.63</b>	-
<b>Balance as at 1 April 2018 (transferred due to Scheme)</b>		401.81
Additional provisions recognised (included in Other expenses)		28.18
Utilised during the year		(111.71)
		<b>318.28</b>
Less: Current liability (refer note 27)		229.50
<b>Balance as at 31 March 2019</b>		<b>88.78</b>
<b>Warranty claims:</b>		
<p>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.</p>		

### Note 22 - Other non-current liabilities

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2018
Employee related payables	63.21	-
	<b>63.21</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 23 - Current financial liabilities - borrowings

(₹ in lakh)

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>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>
<b>Details of security and term of repayment of each type of borrowing:</b>		
<b>Secured borrowings</b>		
<b>Cash credit facilities :</b>		
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.		
<b>Short term loan facilities :</b>		
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. 10654.00 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		

### Note 24 - Trade payables

(₹ in lakh)

Particulars	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 *	<b>17,031.75</b>	-
* 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:		

(₹ in lakh)

Particulars	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

# 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

(₹ in lakh)

Particulars	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>

### 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>

### Note 27 - 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	21.04	-
Provision for gratuity	0.01	-
Provision for warranty (also refer note 21)	229.50	-
	<b>250.55</b>	-

### Note 28 - 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>	-
@ 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>	-

# Somany Home Innovation Limited

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

### 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 financials 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>

### 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	-
	<b>1,08,959.52</b>	-

### 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	-
	<b>27,929.42</b>	-
<b>Inventories at the beginning of the year:</b>		
Stock in trade transfer due to scheme (refer note 36)	27,358.06	-
	<b>27,358.06</b>	-
Change in stock	<b>(571.36)</b>	-

### Note 32 - Employee benefits expense

(₹ in lakh)

Particulars	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	-
	<b>16,011.93</b>	-

### Note 33 - Finance cost

(₹ in lakh)

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	-
	<b>2,851.69</b>	<b>0.04</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 34 - Depreciation and amortisation

(₹ in lakh)

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	-
	<b>1,969.15</b>	-

### Note 35 - Other expenses

(₹ in lakh)

Particulars	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>

### 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 HSIL 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 HSIL Limited into SHIL, and (ii) the Building Products Distribution and Marketing Undertaking ("BPDM Undertaking") of HSIL 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 HSIL Limited (erstwhile holding Company) stands cancelled, and existing shareholders of HSIL 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 HSIL as on the record date i.e. 20th Aug 2019 (as decided by respective Board of Directors of HSIL and SHIL in their respective Board meetings). Pending allotment of equity shares as above to shareholders of HSIL Limited, Rs. 1,445.93 lakh has been shown as "Share Capital Suspend Account" and accordingly EPS (both Basic and Diluted) has been calculated considering balance in Share Capital Suspend Account.

# Somany Home Innovation Limited

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

(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>

# Somany Home Innovation Limited

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

\* 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.

(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) Gratuity 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 Somany home innovation Limited and Brilloca has been done on the basis of estimates as per the management of the Company and transferor Company (HSIL)

(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 SHIL (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.

### 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

<b>Relationship</b>	<b>Name of related party (as identified by the management)</b>
Key management personnel (KMP)	<b>Directors</b> Mr. Sandip Somany Mr. G.L. Sultania 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 Promotors and Investors Limited (merged with Paco Exports Limited w.e.f. 21 January 2019) G.L. Sultania & Co.



# Somany Home Innovation Limited

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

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:

### HSIL Limited

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<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	-

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

(₹ in lakh)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>(As taken by the management)</b>		
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 : Gurugram  
Date : 25th September 2019

**Rakesh Kaul**  
Whole Time Director and CEO  
DIN: 08560772

**Payal M. Puri**  
Company Secretary  
ACS No.: 16068

#### For and on behalf of the Board of Directors

**Sandip Somany**  
Chairman  
DIN: 00053597

**Naveen Malik**  
Chief Financial Officer