

NEAPS/BSE ONLINE

13<sup>th</sup> August, 2020

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

Dear Sirs,

**Sub: Annual Report for the Financial Year 2019-20 of the Company along with Notice of 3<sup>rd</sup> Annual General Meeting**

Pursuant to the Circular Nos. 14/2020, 17/2020 and 20/2020 issued by Ministry of Corporate Affairs (MCA Circulars), circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI Circular) and Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), we are submitting herewith the Annual Report of the Company for the Financial Year 2019-20 along with Notice of 3<sup>rd</sup> Annual General Meeting to be held on Thursday, 3<sup>rd</sup> September, 2020 at 12:00 Noon (IST) through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM').

Please take the above on your record.

Kindly acknowledge the receipt.

For Somany Home Innovation Limited



(Payal M Puri)

Company Secretary & V P Group General Counsel

Name: Payal M. Puri  
Address: 301-302, 3<sup>rd</sup> Floor, Park Centra, Sector-30, NH-8, Gurugram-122001  
Membership No. 16068

Enclosure as above

**Somany Home Innovation Limited**

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wecare@hindware.co.in | www.shilgroup.com | CIN: U74999WB2017PLC222970

hindware  
KITCHEN ENSEMBLE

hindware  
atlantic

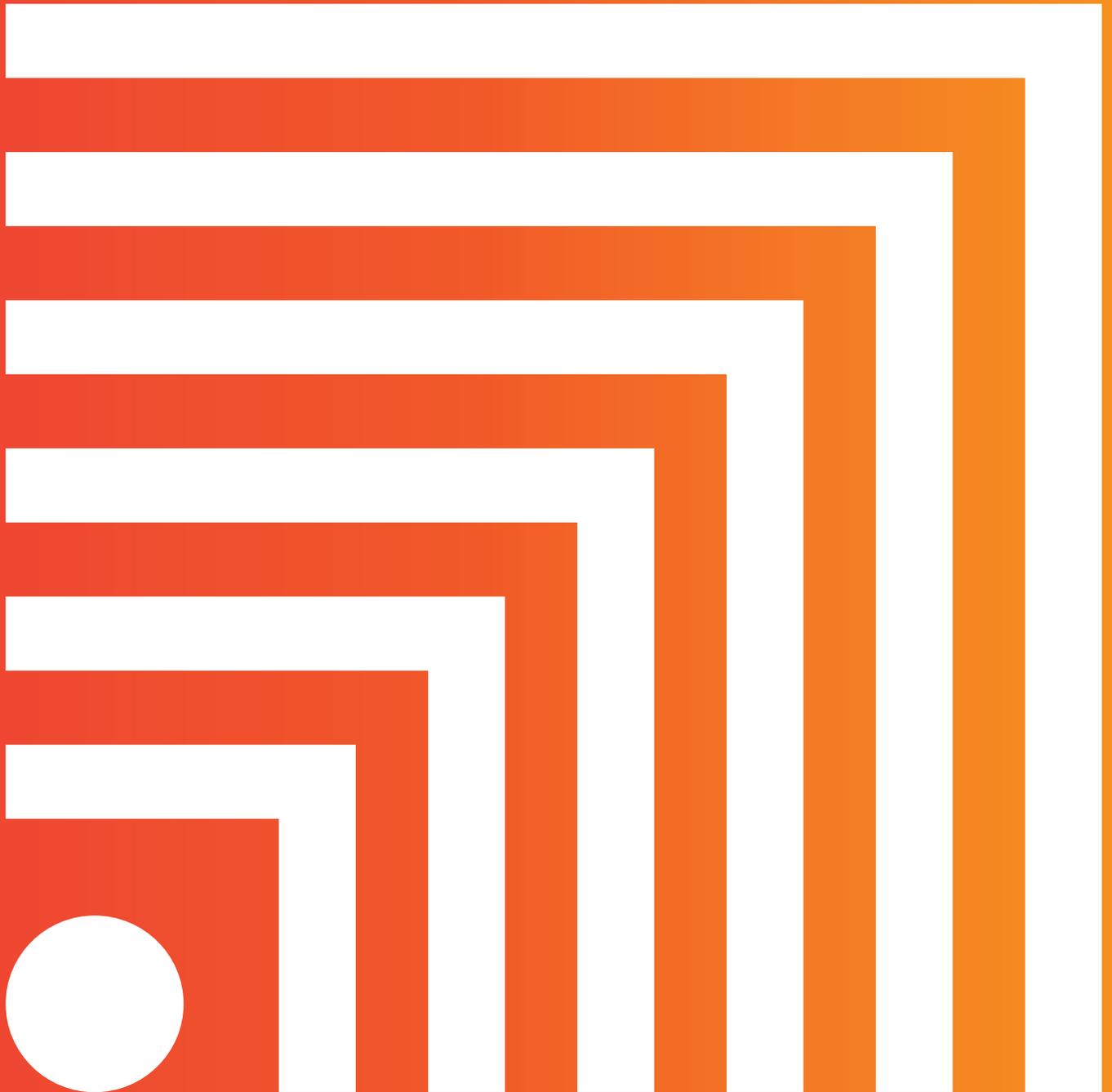
hindware  
SNOWCREST

EVOK  
HOMES WITH SOUL  
by hindware

moonbow™  
by hindware

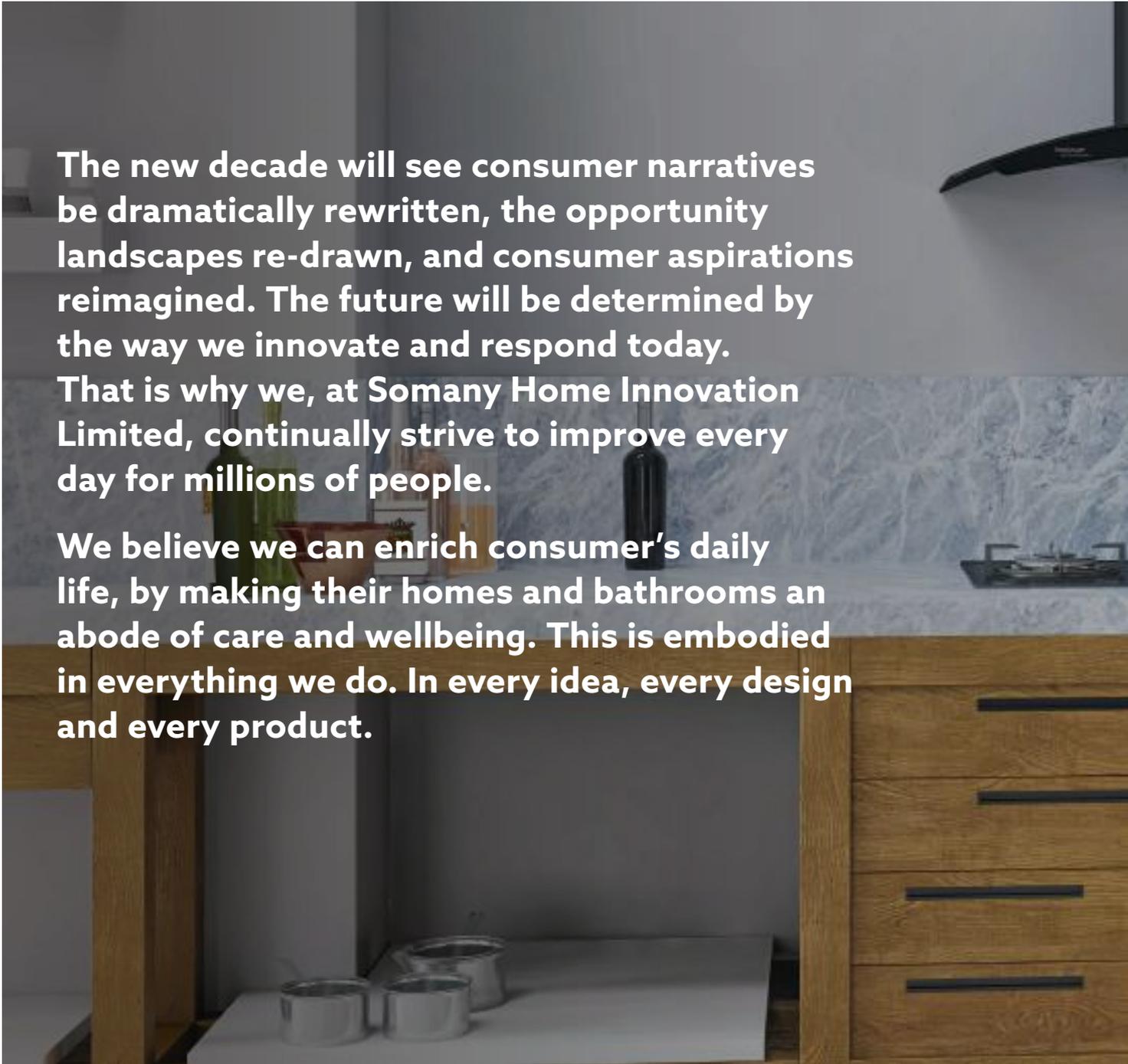
FORNENTI & COVENZANA  
Powered by hindware  
Italian Designs - Great Value

# EXTENDING BRAND HORIZONS



**DESIGNED FOR GROWTH | TRUSTED FOR EXCELLENCE**

**ANNUAL REPORT 2019-20**



The new decade will see consumer narratives be dramatically rewritten, the opportunity landscapes re-drawn, and consumer aspirations reimagined. The future will be determined by the way we innovate and respond today.

That is why we, at Somany Home Innovation Limited, continually strive to improve every day for millions of people.

We believe we can enrich consumer's daily life, by making their homes and bathrooms an abode of care and wellbeing. This is embodied in everything we do. In every idea, every design and every product.

## ABOUT THE COMPANY

Home to a range of trusted brands, Somany Home Innovation Limited (SHIL)'s portfolio of products spans home and bathroom improvement solutions.

SHIL was incorporated as a public unlisted company under the Companies Act, 2013 on 28 September 2017 in Kolkata, West Bengal. Pursuant to the Composite Scheme of Arrangement approved by the Hon'ble National Company Law Tribunal, Kolkata Bench, the marketing and distribution of Consumer Products and Retail divisions of HSIL Limited (HSIL) were demerged from HSIL and vested into SHIL. Further, the marketing and distribution of Building Products of HSIL is vested into Brilloca Limited, a wholly-owned subsidiary of SHIL. The Company's equity shares were listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on 26 December 2019.

## Key financial highlights FY 2019-20

**₹1,613.12**  
CRORE

Consolidated revenue  
from operations

**₹112.47**  
CRORE

Consolidated EBITDA

**₹33.17**  
CRORE

Consolidated profit  
before tax

**₹23.11**  
CRORE

Consolidated profit  
after tax



We have a meticulous brand architecture across different product categories, serving as stable and trusted platforms for sustained excellence. We relentlessly work to extend our iconic brand **Hindware** into newer categories and the same has helped us grow sustainably.

A focused approach enables the consolidation of our resources and better leverage of cross-business synergies, while the presence across the consumption spectrum diversifies the Company's revenue streams and allows it to tap into growth opportunities in existing and new markets.

2020 marks the beginning of a new consumer story. And we aim to be a key protagonist. Our phenomenal brands with a strong innovation heritage, together with our customer insights and leadership position in the market for home and bathroom improvement, differentiate us well and represent the cornerstones of our growth, competitiveness and profitability.

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# All about SHIL

We are a customer-first entity with distinct business divisions and multiple brands that collectively serve the objective of fulfilling the needs of millions of households in India. Our products bring convenience, comfort and ease of use, through contemporary designs, myriad styles and high functional efficiency. We pride in knowing that we make a difference to our customers' lives.



## OPERATING BUSINESS STRUCTURE

### Somany Home Innovation Limited

Marketing and distribution of Consumer Products and Retail divisions

100% subsidiary

### Brilloca Limited

Marketing and distribution of Building Products division

100% subsidiary

### Hindware Home Retail Pvt. Ltd. (HHRPL)

Online sales and marketing through [www.evok.in](http://www.evok.in)



# All about SHIL

## UNDERSTANDING OUR BUSINESSES

We successfully balance innovation, design and wellbeing experiences, to offer thoughtfully crafted products, under well-established brands. Technology is indispensable to all of our businesses and is the key component to accelerating and generating synergy among them.

Our vast array of products across segments, price points, marketing muscle, distribution network, and established relationships with existing dealers and customers enable us to grow sustainably. Further, strategically robust supply chain and outsourced manufacturing help improve productivity and flexibility in our operations.

We are increasingly leveraging our brand equity and scale, while at the same time benefiting from deep consumer understanding to leverage opportunities. As a result, we are catering to varying customer tastes and preferences and driving relevant product innovations.



### Consumer Products

The Consumer Products portfolio consists of a selection of household appliances – from kitchen appliances, such as kitchen chimneys, cooker hoods, built-in hobs, cooktops, built-in ovens, sinks, through the brand **Hindware Kitchen Ensemble**; to storage, instant and gas water heaters through **Hindware Atlantic**; to water purifiers and air purifiers through **Moonbow by Hindware** and **Hindware**; and to air coolers and ceiling fans through **Hindware Snowcrest**.

We recently forayed into the furniture and kitchen fittings segment, through a strategic marketing tie-up with Italian company, Formenti & Giovenzana [www.fgv.it](http://www.fgv.it). The collaboration is operational under brand **FGV powered by Hindware** and enables us to distribute a wide range of quality and functional hardware products in India, for the modern furniture and modular kitchens, such as normal and soft close hinges, side and bottom mounted drawer channels and drawer systems.

We gather insights into customer behaviours, utilising latest tools and technologies, to deliver a range of unique products that helps us be more relevant to the customer, thus cementing our winning position in the industry. Our offerings spare no detail when it comes to efficiency and aesthetic appeal. The contemporary designs, styles and smart functional efficiency in all products make consumers life comfortable and easy.

Our focused approach to R&D helps infuse varying degrees of novelty in our products. As on 31 March 2020, we have applied for over 21 patents since the inception of the Consumer Products division.

Our expansive and in-depth distribution and offline and online retail networks lend us top-of-the-mind brand recall and help us to remain one of the fastest-growing consumer appliance companies in the country.

We tapped the e-commerce channel, along with offline platforms to ensure our product range availability to a much wider consumer base and this strategy has helped us to emerge as one of the leading players in few categories of consumer appliances we are present in.



### Retail

The Retail portfolio, through the brand **EVOK**, consists of a range of products across categories, such as furniture, home décor and furnishing, wall fashion, modular kitchen and wardrobes, and engineered wood furniture, with modern designs that cater to different styles and needs of the customers.

With the presence of physical stores, franchise business partners and robust developing platform [www.evok.in](http://www.evok.in), EVOK is on the path of becoming the most promising omni-channel brand in the furniture, modular kitchen, decor and furnishing categories.



### Building Products

We are the makers of the iconic sanitaryware brand **Hindware**. With decades of expertise and consumer research, we are pioneers in the sanitaryware and faucets space. We understand that a bathroom is a reflection of one's lifestyle and taste, and our endeavour is to help our customers create their dream bathrooms.

The Building Products portfolio consists of a versatile range of best-in-class sanitaryware, faucets, plastic pipes and fittings, premium and super-premium tiles, and wellness products, catering to a wide cross-section of customers. We have leading innovative brands in our sanitaryware and faucets segments that capture the entire value spectrum, such as **Queo** and **Amore** (the luxury brand), **Alchymi** (the super-premium brand), **Hindware Italian Collection** and **Hindware** (premium brands) and **H-Vitreous** and **Benelave** (mass segment brands).

Our plastic pipes and fittings segment, through the brand **TRUFLO by hindware**, comprises Chlorinated Polyvinyl Chloride (CPVC), Unplasticised PVC (UPVC), Soil-Waste-Rain (SWR) pipes and PVC pipes for potable water.

We recently forayed into the premium and super-premium tiles segment with the brand **NEOM – Neo modern tiles by Hindware**.

## LEADING THE WAY

### Consumer Products



Among the top 2 players in the kitchen chimney segment



**6**

Product categories ranging from kitchen appliances, water heaters and water purification, air treatment appliances like air coolers, fans and air purifiers

**6**

Product categories including normal and soft close hinges, side and bottom mounted drawer channels and drawer systems

**9,250+**

Retail outlets, 700+ distributor partners and 800+ modern and large retail outlets

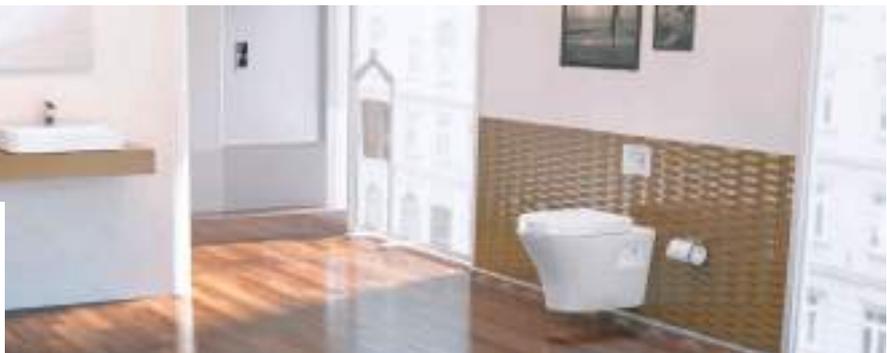
**21**

Patents since inception

### Building Products



Leading sanitaryware player and one of the leading faucet players in India



**9**

Brands across luxury, super-premium, premium and mass categories

**25,000+**

Retail outlets, supported by 2,100+ distributors/partners in the sanitaryware, faucets and plastic pipes and fittings segments

# SHIL Board of Directors

## Mr. Sandip Somany

Chairman and Non-executive Director  
Age: 56 years



He has over 35 years of experience in the ceramics and glass industry.

He is currently on the Board of Federation of Indian Chambers of Commerce and Industry (FICCI). He was also the Immediate Past-President of FICCI. He is the Chairman of the Indian Council of Sanitaryware Manufactures (INCOSAMA) and a member of the Governing Council of All India Glass Manufacturer's Association. He has served as the President of the PHD Chamber of Commerce and Industry (PHDCCI) and the President of International Chamber of Commerce – (head quarter in Paris) India Chapter.

He holds a Graduate degree and a diploma in Ceramic Manufacturing technology from the US.

## Mr. Rakesh Kaul

Whole-time Director & CEO  
Age: 50 years



He has over 25 years of experience.

He has worked with leading companies such as Reliance Retail, The Times Group, Onida and Whirlpool spanning diverse sectors and industries that includes consumer durables, e-commerce, retail and mobility. He was part of the leadership team that was driving the incredible retail expansion at Reliance Retail for formats like Hypermarkets and Reliance Fresh across the country.

He holds a Master's degree in Foreign Trade from the Symbiosis Institute of Management Studies. He also holds a Master's degree in Business Administration from The Institute of Management Studies, Kurukshetra, and a Bachelor's degree in Science from the Delhi University.

## Mr. Nand Gopal Khaitan

Independent Director  
Age: 69 years



He is an Attorney-At-Law, Advocate and Notary, practising in the Hon'ble High Court Calcutta and the Hon'ble Supreme Court of India. He is a Senior Partner of Khaitan & Co., one of the leading firms in India. He holds the reputation of being a Committee member of FICCI, the President of Indian Council of Arbitration, New Delhi and the Vice President of the Bharat Chamber of Commerce, Calcutta, and an Executive Committee member of two leading schools in Kolkata. He was awarded Bell Chamber's Gold Medal by the Incorporated Law Society, Calcutta High Court, for ranking first in all the Law examinations.

**Mr. Ashok Jaipuria**

Independent Director

**Age: 66 years**

He is the Chairman and Managing Director of Cosmo Films Ltd. He is a businessman with a strong vision, who made Cosmo Films Ltd. the largest Biaxially Oriented Polypropylene (BOPP) film manufacturer and exporter. He is a member of the Board of Governors of Public Health Foundation of India (PHFI), Gurugram. He was a member of the Board of Governors of the Indian Institute of Technology, Indore and Patna. He was a member of the Executive Committee of the FICCI as well as the Institute of Liver & Biliary Sciences and The Golf Foundation, a charitable society formed with an objective of helping the under privileged potential golfers in India. He is the Founder Trustee of the Cosmo Foundation, an organisation to impart education to the underprivileged.

He holds an Associate of Arts degree in Business Administration and a Diploma in Marketing Science.

**Mr. Salil Kumar Bhandari**

Independent Director

**Age: 62 years**

He is the founder and Former Managing Partner of BGJC & Associates LLP, which is a well-known audit and management consulting firm based in New Delhi. He has been counselling top management in several areas of strategy implementation, scaling up of business, organisational development and management and family structures. He brings with him valuable experience and tactical know-how in the areas of devising acquisition strategies, international alliances and JVs and organisational restructuring. Mr. Bhandari has been associated with several associations prior to this position. He has been the President of PHD Chamber of Commerce and industry, served as the head for Society for Integrated Development of Himalayas (SIDH), member of Task Force - Commission on Centre State Relations, Government of India, Managing Committee member at ASSOCHAM, Former Member - Advisory Committee, Department of Company Affairs, Government of India. He is currently on the Board of the Indian Institute of Management (IIM), Indore. He is a member of the National Executive Committee of FICCI.

He is a fellow member of Institute of Chartered Accountants of India, B.Com. (Hons.), and holds a Diploma in Business Administration.

**Ms. Anisha Motwani**

Independent Director

**Age: 57 years**

She is a brand, digital and innovation expert and a multi-faceted business leader with over 28 years of experience in diverse industries like advertising, auto manufacturing, financial and health services.

She is the Founder & Managing Partner of 'Storm the Norm', an innovation company. As an industry expert, she advises the World Bank on the 'Swachh Bharat Programme', the 'National Mission for Clean Ganga' and the programme for 'Solar Energy Rooftop'. She was voted as one of the 50 Most Powerful Women in Indian Business by Business Today for three consecutive years since 2009. She has also been recognised amongst the Top 50 Women in Media, Marketing and Advertising by Impact & Colors for four consecutive years since 2011. She has been conferred the 'Women at Work Leadership Award 2011' by Asian Confederation of Business and the 'Brand Builder of the Year' award by NDTV, among many others. She also holds Directorships in various companies.

She is a Science Graduate from Sophia College and holds Degree in Master of Business Administration.

# Chairman's communique

**The new entity is born out of our commitment to become a leading force in the consumer space and marks a new strategic direction for us. The Company consolidates the marketing and distribution of Building Products, Consumer Products, and Retail divisions, and leverages their collective brand equity, innovation power and distribution muscle, to target the massive opportunity present in India today.**



**Dear Shareholders,**

I am delighted to present the inaugural Annual Report of Somany Home Innovation Limited (SHIL) for the financial year 2019-20.

The new entity is born out of our commitment to become a leading force in the consumer space and marks a new strategic direction for us. The Company consolidates the marketing and distribution of Building Products, Consumer Products, and Retail divisions, and leverages their collective brand equity, innovation power and distribution muscle, to target the massive opportunity present in India today. The Company's product portfolio spans leading brands across key consumer categories and price points, ensuring that we are able to participate in every consumption opportunity in the market.

The COVID-19 pandemic has been a sobering moment for the world at large. It has injected uncertainty into the macro environment, exacerbating the cyclical slowdown in the Indian economy and putting to test our resilience, as individuals and as organisations.

Consequently, the rules of 'normal' are being rewritten every day. Business models are being challenged and traditional ways of working are being upended. Countries will have to reimagine its contribution to a world that is likely to be radically different than the one we have known so far. The corporate narrative will have to reinvent itself to stay relevant in the post-pandemic world order. Companies that will survive and prosper in this uncertainty are those that have the resilience to adapt rapidly to changing circumstances, and the commitment and culture to deliver broader societal value.

At SHIL, we see ourselves as enablers of a better life for consumers. All our brands have their own character and operate as an independent entity in the market but united by a common goal – to offer world-class products. Every innovation under our roof is a perfect blend of intelligence, functionality and aesthetic design, and specifically tailored to appeal to discerning consumer segments. With more people working from and staying in their homes, we are providing Indian families and households with products that will accentuate their sense of comfort, ease and elegance.

**Every innovation under our roof is a perfect blend of intelligence, functionality and aesthetic design, and specifically tailored to appeal to discerning consumer segments.**

**PERFORMANCE REVIEW**

**₹1,613 CRORE**

Consolidated revenue from operations

**₹112 CRORE**

Consolidated EBITDA

SHIL's diversification across various business streams signifies the Company's competitive advantage and its ability to deliver results even through economic and industry cyclicality. In its first year of operations (post demerger), the Company recorded a consolidated revenue from operations of ₹1,613 crore with a consolidated EBITDA of ₹112 crore. Of the total revenue, the Consumer Products Division contributed ~ ₹362 crore, the Retail Division contributed ~ ₹90 crore and the Building Products Division contributed ~ ₹1,161 crore.

We made great strides this year in several key areas, we launched new innovative products designed to deliver outstanding consumer experiences. We reinforced our leadership in the consumer appliances industry, translating our vast customer insights into a superior array of offerings. We continued to improve our cost efficiency as well as execute on cross-business synergies throughout the Company to set the foundation for profitable growth in the years ahead.



# Chairman's communique



## GROWTH DRIVERS

The momentum round the year, was anchored around three interlocking themes.

Our first growth driver is **tech-enabled products**. With greater network connectivity, data speeds will become even faster, and computing technology will evolve as well. These two changes are bringing about the Internet of Things (IoT), where everything is connected. Smart, remote-controlled and connected appliances allow us to remain in closer contact with the consumer throughout the lifespan of the product. In a sense, this is an attempt to rebuild the traditional bond between an enterprise and its customers, in a way that present times demand. We are strengthening our initiatives for providing futuristic devices and solutions. Our breakthrough iPro IoT range includes India's first ever IoT-enabled chimney, water purifier and water heater. The possibilities for connected devices and IoT technology at home or in our workspaces are endless, and we are working to bring more such smart products to the market.

**Immersive shopping experiences** represent our second growth driver. The advent of online marketplaces has compelled stores to play to their strengths and provide a truly enthralling and memorable shopping experience for customers. To this end, our kitchen galleries and Lacasa concept stores cement customers' affiliation for our brands and products, immersing them in a world of possibilities for their dream kitchens and homes respectively.

## 7,000 SQ FT

Lacasa store was launched in Delhi that takes customers, influencers, architects and interior designers across an effortless journey

Our third and final growth driver is our foray into **new businesses**. During the year, we forayed into the new segment of super-premium and premium tiles in Building Products. We introduced 'NEOM' as a niche neo-modern brand to break the clutter in the tiles category. We also leveraged the established 'Hindware Snowcrest' brand to launch ceiling fans under Consumer Products to cater to the premium as well as mass segment. Furthermore, we partnered with the Italian company Formenti & Giovenzana (FGV) to supply quality fittings for modular furniture and kitchen arrangements in India. Consistent expansion into new categories helps us find opportunities for growth and allows us to address preferences across the consumption spectrum, evolve best practices and recognise different market maturities and the role our brand portfolios plays in each of the markets.

In particular, our Lacasa chain of concept stores showcases the best range of our bathware and tile products and help consumers envision their dream spaces by experiencing the product performance and features first-hand. In this financial year, we launched the sixth Lacasa store in Delhi - a 7,000 sq ft art gallery that takes customers, influencers, architects



and interior designers across an effortless journey harmonising the best parts of our range of luxury and premium sanitaryware, bath fittings and premium and super-premium tiles. And our 102 kitchen galleries enable customers to experience our complete kitchen appliances range under one roof.

### LOOKING AHEAD

We are successfully harnessing the power of information technology to drive better business integration and continuous improvements across the businesses. We are evolving a cohesive ecosystem of reputed brands, trusted community of suppliers, vendor partners and influencers, exemplary stores and strong marketing outreach, to collectively withstand the challenges, tap into the emerging opportunities and achieve results that are profitable for all our stakeholders.

We will continue to use our brand strength to support investments in consumer-driven product innovation, target specific consumer trends and develop new generations of products with a clear proposition. We will also continue to focus on expanding our presence in the emerging cities and maintaining a robust position in the existing ones.

**We will also continue to focus on expanding our presence in the emerging cities and maintaining a robust position in the existing ones.**

The hard work and commitment of our highly skilled team of experts, creative thinkers and go-getters, are essential to meet operational excellence targets and move toward profitable growth. As a top priority, we are taking incremental steps to institute a clear company purpose and culture that attracts and engages new talent.

### POSITIONED FOR IMPACT

Every day, we come to work with the singular objective of how to turn houses into homes, supporting the dreams and ambitions of aspiring Indians. More than anything, the new world order will emphasise the importance of having a home that makes us happy.

Today, we are a stronger company with diversified and growing businesses, applying our learnings across the spectrum. While there is more work to be done, as I look around in the Company, I am confident in our strategy and plans to deliver sustainable top and bottom-line growth in 2020 and beyond.

I thank you, our shareholders, for your trust and confidence throughout our transition. And I am excited about the future, as we set out to extend our horizons further, trace a higher growth trajectory and set new benchmarks for excellence.

Warm regards,

**Sandip Somany**  
Chairman

# Brand bouquet



## Consumer Products



### Hindware Kitchen Ensemble

Designed for modern-day homes, the products are innovative and user-friendly. Using stylish designs, the ensemble caters to all kitchen needs from chimneys,

food waste disposers, built-in microwave, built-in ovens, built-in hobs, ovens to cooktops, dishwashers and kitchen sinks.



### Moonbow by hindware Water Purifiers

Moonbow Water Purifiers are aesthetically crafted and disruptively designed, so that they can bring goodness into the lives of customers. Our water purifiers come with cutting-edge technologies, such as mineral fortification that ensure that the water is 99.99% safe, pure and comes with the goodness of essential minerals.



### Moonbow Air Purifiers

Moonbow Air Purifiers are equipped with latest technology, loaded with features like PM 2.5 indicator and an auto dust sensor, and crafted aesthetically to ensure that consumers lead a healthy life and enjoy the best of everything.



### Hindware Water Purifiers

Hindware Water Purifiers were launched on Flipkart in August 2018 with an objective of reaching out to the masses, through the online channel. Subsequently, this range was extended to retail market. These water purifiers are developed for price-conscious customers who seek utmost value for money, along with prompt service.



### Hindware Atlantic Water Heaters

Introduced in India with a strategic partnership with Groupe Atlantic, Europe's top brand in Heating Solutions segment, Hindware Atlantic Water Heaters have advanced technologies, such as exclusive O'Pro protection and Titanium Core Shield to offer consumers safety, durability and fresh hot water benefits. Hindware Atlantic Water Heaters have capacities from 1 litre to 50 litres to cater to varied needs of consumers.



### Hindware Snowcrest Air Coolers

Hindware Snowcrest Air Coolers include desert, personal, window, tower and desktop coolers, with capacities ranging from 12 litres to 100 litres. Hindware Snowcrest Air Coolers are the first air coolers in India with changeable colour panels that can be changed to match consumer's lifestyle and decor. Packed with powerful performance and other technologically advanced features, these cool-looking coolers make life cool.



### Hindware Snowcrest Ceiling Fans

Hindware Snowcrest Fans are aesthetically designed, custom crafted for modern Indian homes. The ceiling fans are available in a line-up of six models under three categories such as premium, decorative and classic.



## Retail



### FGV powered by Hindware

FGV powered by Hindware offers normal and soft close hinges, side and bottom mounted drawer channels and drawer systems in India. Each product confers a high-end visual appeal to the users' furniture and optimises space in the modern kitchen and bathroom.



### EVOK

EVOK is home to furnishing products ranging from solid and engineered wood furniture, soft furnishings, home décor and accessories, decorative lightings and floorings, wall fashion, modular kitchens, bath and wardrobes. The core vision of EVOK is to be the first-choice partner of customers aspiring for value-for-style home interior solutions.

# Brand bouquet



## Building Products



### Queo

Queo, the luxury bathroom brand, is designed by acclaimed European designers. Queo products pair the best European concepts with modernity and employ the finest-quality materials to create what we call 'bath lounges'. At Queo, less is more – the modern, minimalist concept that strips everything down to its essential quality to achieve simplicity. Queo adds a new dimension of indulgence to minimalism. Its design journey encapsulates how basic geometric forms come together to create luxurious experiences, enunciated through a concoction of aesthetics and opulence.



### Amore

Amore is a range of luxury wellness products that assail one's senses with delight. Inspired by the Roman kings of yesteryears for whom rejuvenation meant worshipping their senses, Amore accentuates one's bathing experience into a sensory fiesta by combining ancient art with modern Italian innovation.



### Alchymi

Alchymi is an exclusive collection of the most elegant and contemporary bath spaces that define not just how one feels, but how one lives. The super-premium brand curated in the Hindware Design Studio by Manish Malhotra, the acclaimed and celebrated fashion designer. Alchymi strives to achieve a new language of bathroom design through the Flosense design philosophy, which focuses on the amalgamation of the finest materials and best-in-class technological processes. Each Alchymi bathroom suite has its unique design story with differentiated offerings to create stunning bathrooms.



### Hindware Italian Collection

Bathrooms are no longer seen as a mere utility, but more so as a personal space to commune with oneself. Just like our consumers, we too have been evolving. Our aim is to provide complete bathroom solutions that can give any bathroom a personality of its own. Hindware Italian Collection has a range of suave and sophisticated bathware products that blend smooth contours and clean lines, inspired by international design trends to give one their dream bathroom. With a combination of unparalleled performance, smart technology, space saving, awe-inspiring designs, the Hindware Italian Collection is suited to meet the new-age demands of hygiene.



### Hindware

Since its inception, Hindware is recognised for quality and the widest range and today is synonymous with expertise. The brand constantly strives to achieve a confluence of understanding of the Indian market, technology and aesthetics in Hindware Design Studio to create bathroom products to leave one truly rejuvenated. Hindware is preferred by millions of Indians and has the highest reach across the country. The brand's expertise is not just limited to the path-breaking products but can also be experienced through some exemplary services such as expert helpline number, *DreamBath App* and *Bespoke Magique*.



### Benelave

Launched in 2011, Benelave products consist of high sheen, quality-tested chrome fittings and sanitaryware. Designed for aesthetics, functionality and durability, it helps to create clutter-free, comfortable bath spaces.



### H-Vitreous

The relaunched legacy brand provides a complete range of bathroom offerings for the price-conscious consumers for over five decades now. Following its core philosophy of '*Bharose aur Quality ki pehchaan*', every H-Vitreous product comes with the promise of unmatched quality combined with pleasing designs.



### TRUFLO by hindware

'TRUFLO by hindware' offers best-in-class, NSF-certified, CPVC pipes for hot and cold water plumbing applications, along with lead-free UPVC pipes, SWR pipes and PVC pipes for potable water. Our products use NSF-certified CPVC compound, Durastream, supplied by ~US\$10 billion Japanese conglomerate Sekisui Chemical Co. Ltd., to help us provide quality piping solutions for varied market requirements.



### NEOM

Launched in 2019, NEOM is a neo-modern range of tiles that offers inspiring new designs, finishes and innovations. It brings unique, trendsetting ideas inspired by the amazing beauty that's all around us. NEOM tiles reflect the personality of the new-age Indian whose sense of design and beauty is nuanced with varied influences from across the globe.

The NEOM portfolio features 'always-in-vogue' marble stone patterns such as Onyx, Carrara, Calacatta and Statuario. It is the first brand to introduce super-slim tiles of a mere 5mm thickness, in the glass vitrified category and offers an enviable range of large format slabs for spaces that exude grandness.

# How we create value

**Our business model is the construct through which we view our ability to create value. It allows us to leverage our strong foundation, focus our investments on making our product ecosystem even more robust and in tune with emerging customer priorities, and capitalise on the growth potential ahead of us.**

## OUR DIFFERENTIATING CAPABILITIES...



### Our brands and products

Our relentless work on product innovation and differentiation helps us in sourcing the best quality and the most versatile range of products, supported by a family of trusted brands.



### Our insights

From customer behaviours that inform our new product development, to the inputs we receive across digital platforms and in stores, we use our expertise and experience to create products to fulfil customer needs and set benchmarks in the industry.



### Our workforce

Our people are united by a shared purpose: to meet and exceed the highest expectations of our customers. Our people and our

culture collectively represent our most powerful source of competitive advantage.



### Our scale and reach

We have an unparalleled reach – through our distribution muscle, our retail network, our online presence and our relationships with our influencer community – allowing us to introduce our products to newer customers.



### Our innovation

From product research and development, to new technology and systems, we encourage a culture of innovation so that our businesses remain at the cutting edge of new trends and demands. Our products are equipped with smart technologies and features, as well as contemporary design and functional value additions.



## DRIVE EVERY PART OF OUR BUSINESS...



### Customers

Customers are our business' raison d'être, the reason we exist. Our focus is always on how we can make our brands and products help them realise their dream home.

### Products

We constantly scan the opportunity landscape to evolve our business and products. Our aim is to connect people with a multitude of choices across consumer products, retail and building products.

### Channels

To bring the best products to customers, we work through a range of channels. We leverage premium, state-of-the-art experiential stores and a network of exclusive retailers across the country to enhance brand visibility and transform how customers experience our brands and products.

## KEY PERFORMANCE INDICATORS (CONSOLIDATED)

### Revenue from operations (in ₹ crore)

2019-20 1,613.12

2018-19 1,670.87

### EBITDA (in ₹ crore)

2019-20 112.47

2018-19 133.18

### Profit before tax (in ₹ crore)

2019-20 33.17

2018-19 84.81

## AND HELP US RESPOND TO GROWTH OPPORTUNITIES...

The consumption space is undergoing a significant transformation, partly due to disruptive technologies and partly on account of the ongoing global crisis. While the short-term prospects remain muted, the long-term outlook remain stable and positive.

- › Growing affluence in Tier-II and -III cities
- › Rising number of dual-income young households
- › Rapid pace of urbanisation and rise in purchasing power
- › Higher availability of credit options
- › Evolving consumer lifestyles in favour of premiumisation
- › Expanding luxury market
- › Promising replacement market
- › Greater penetration of e-commerce across products
- › Conducive government policies (Housing for All, Clean India, Water for All and more)



## TO CREATE VALUE FOR OUR STAKEHOLDERS



### Value for customers

We are able to bring our customers a wide spectrum of products across categories. As our businesses continue to evolve, we are entering new categories and segments, synergic to our existing businesses to offer a multitude of options to Indian consumers.



### Value for employees

The expertise of our colleagues drives every part of our business model – from the teams that drive innovation, to marketing and communication. Every employee helps us better serve our customer needs.



### Value for distributors

We engage our distributor network through various platforms and work with them to enhance their knowledge of our business and our products. When we get it right, our business grows, and our distributors grow with us.



### Value for shareholders

We are able to deliver stable and sustainable business momentum for our shareholders. The underlying philosophy that enables this is our unwavering focus on customer experience, cost discipline and profitable growth.

#### Profit after tax (in ₹ crore)

2019-20 23.11

2018-19

54.70

#### Debt/Equity ratio (in times)

2019-20

1.30

2018-19

1.29

#### Return on average capital employed (in %)

2019-20

10.91

2018-19

19.34

# Delving deeper into our businesses

## Consumer Products



**₹361.58** CRORE

Revenue from operations

Share in overall business

22%

### VISION

**Our vision is to be a thought leader in all the categories, growing through innovation, expertise and bringing consumers delight by making their lives easier with our products and services.**

### MISSION

With an aim to grow the consumer business manifold and to be among the leading players in the categories we operate in, we will continue offering top-of-the-line products to our consumers. Helping our customers adopt a comfortable, luxurious and sustainable lifestyle while fostering innovation is our aim at SHIL.

Passionately strive to enrich customer's quality of life, thereby enhancing stakeholder value.

### CORE VALUES

- › Customer Centricity
- › Innovation
- › Agility
- › Reliability
- › Commitment
- › Quality
- › Open-Mindedness
- › Consistency
- › Honesty
- › Efficiency
- › Loyalty

## PRODUCT ARRAY

### Hindware Kitchen Ensemble

Chimneys, Cooktops, Built-in hobs, Cooking ranges, Induction cookers, Food waste disposers, Built-in microwave ovens, Built-in ovens, Dishwashers, Kitchen sinks

### Hindware Atlantic Water Heaters

Storage, Instant, Gas

### Hindware Snowcrest Air Coolers

Desert, Personal, Tower window, Desktop, Foldable

### Moonbow by Hindware

RO+UV Water purifiers, UV Water purifiers, Air purifiers

### Hindware Snowcrest Fans

Premium, Decorative, Classic

### FGV by hindware

Furniture and kitchen fittings

## NEW PRODUCTS



### Titania

We introduced Titania Chimney equipped with the breakthrough MaXX Autoclean technology in the auto chimney segment. MaXX Autoclean facilitates temperatures up-to an impressive 180°C, thrice more effective and powerful than a conventional auto clean chimney. Other innovative features include: an oil resistant rotor, a grease absorption coating on the motor housing and a motion sensor.



### Tulip Series Hob

Designed by us and equipped with Italian SABAF burners and gas valves, it comes powered with the MaXX Safe Technology. The Italian SABAF valves used in this series are anti-leak and have been tested for 40,000 cycles. It also comes with unique pan support design that provides optimum heat transfer and better stability.



### Agnis Air Purifier

It is a power-packed air purifier with the high-grade 'True HEPA Filter' and '4D Air Suction technology'. It removes 99.95% of pollutants and is loaded with other convenient features like user-friendly touch panel with a PM 2.5 indicator that displays real-time air quality index, intelligent auto mode control, sleep mode, timer setup, fan speed control and colour changing LEDs, indicating the real-time air quality in the room. It also has a clean air delivery rate of 320 m<sup>3</sup>/hr and an effective coverage of up-to 40m<sup>2</sup> area, which is ideal for large size rooms.



### Hindware Evolet RO+UV+UF+TDS Balancer Water Purifier

The all-round purification expert, Hindware Evolet water purifier comes with a 6-stage purification and TDS balancer, which retains minerals in purified water. It is equipped with an auto flush mechanism, which allows automatic drainage of unwanted impurities, thus increasing the life of the RO membrane. Smart LED indicators for purification and alerts for full tank, filter life and no supply are some of the other additional features.

# Delving deeper into our businesses



## Hindware Atlantic Eryne Storage Water Heater

Introduced with the exclusive O'Pro technology and Titanium Core Shield that provides extra protection to the tank and heating element against corrosion, this BEE 5-star-rated water heater also has other key features like an optimised inlet diffuser, reinforced insulation and superior safety specifications. It is built to withstand high working pressure, making it perfect for multi-storey buildings; and comes in the range of 10-, 15- and 25-litre capacities.



## Hindware Atlantic Eveto Gas Water Heater

The water heater is built to work even at low working pressure. It comes with climate base optimisation that allows user the flexibility to select their preferred quantum of heat, as well as hassle-free ignition and superior safety features like flame failure protection, anti-dry heat protection, overheat protection and child lock. The range has been introduced for both LPG and PNG.



## Hindware Atlantic Cyro Instant Water Heater

This instant water heater has robust construction with a superior corrosion-resistant stainless steel tank and an ABS body. It can withstand the high working pressure in multi-storey buildings and has an all-purpose RPR valve to ensure that warm water gets reheated instantly and an intelligent thermostat that prevents excess energy wastage, thus saving electricity. The range has been introduced in 3 kw and 4.5 kw categories, with 1- and 3-litre capacities.



## Hindware Atlantic Elicio Storage Water Heater

This BEE 5-star-rated water heater has Glassline Core Shield that provides superior protection to the tank against corrosion. Other key features include an optimised inlet diffuser, reinforced insulation, compact design and superior safety specifications. It is built to withstand the high working pressure in multi-storey buildings.



## 17L & 18L Personal Air coolers

The new, sleek and compact personal air coolers in 17- and 18-litre capacities comes equipped with an air delivery of 1,450 m<sup>3</sup>/hr, stylish knobs, insect/dust filters and motorised vertical louvres. The trendy air coolers are ideal for personal cooling.



## 90L Desert Air cooler

The newly launched desert cooler is aesthetically designed, providing an air delivery of 3,800 m<sup>3</sup>/hr. Featuring a water level indicator, complete shut louvres and a cord winding station, this desert cooler is not only stylish, but practical too.

## BRAND CAMPAIGN



### Titania Maxx Autoclean Chimney

We launched a multimedia campaign to showcase the power of the MaXX Autoclean technology that we introduced in the kitchen chimney segment. The commercial was further reinforced by digital and print activations to garner wider reach.

## AWARDS



### The Extraordinaire Brand Hindware Appliances

Hindware Appliances participated in the Nexbrand's 5th Annual Brand Vision Summit and Awards 2019-20. The Summit honoured the most influential people and brands from across industries who have proven their mettle and emerged as 'The Extraordinaire'.



### Product of the Year 'Achelous Premium Water Purifier & Adonia Hob'

Hindware Kitchen Ensemble Adonia Built-in Hob and Moonbow by Hindware Achelous Premium Water Purifier won the Product of the Year 2019 award for best product innovation in the respective categories.



### Fastest Growing Consumer Appliances Brand 'Hindware Appliances'

The title of 'Fastest Growing Consumer Appliances Brand 2018-19' was bestowed to Hindware Appliances during the 12th edition of Asian Business & Social Forum 2019 held at Mumbai and organised by AsiaOne magazine and URS Media International.

# Delving deeper into our businesses

## GROWTH DRIVERS

### **| Tech-enabled products**



Our vast presence and industry experience align us with evolving aspirations of homeowners and consumers. We are nimbly leveraging technology and marketing expertise to enrich living. Our digital engines are rapidly translating consumer data into actionable insights. The launch of our IoT products to automate appliance control, strengthens our product suite with new offerings and it positions us to digitally enhance spaces.

We launched a futuristic range of intelligently integrated iPro consumer products, marking our foray in the fast-emerging IoT segment, pave the way towards

building truly smart homes. Premium products developed for early adapters and evolved users of smart home automation, these IoT-enabled appliances can be operated and controlled remotely through the Hindware Appliances app. The app will also auto diagnose and troubleshoot and register service requests at the touch of a button. Each of the products are designed to simplify lives with smart automation while offering unparalleled features.



### OPTIMUS iPRO CHIMNEY

Powered by the Maxx Silence Technology, the Optimus iPro is India's first-ever IoT-enabled chimney. The technology helps these sleek chimneys produce 32% less noise as compared to conventional auto clean chimneys. Additionally, the chimney is configured with advanced turbo-intensive mode with a Maxx Suction of 1350 m<sup>3</sup>/hr that keeps the kitchen completely smoke free, supported by motion sensor control for greater ease of use.

### ACHELOUS PREMIUM iPRO WATER PURIFIER

Achelous Premium iPro is a state-of-the-art water purifier, equipped with the revolutionary Flosense technology and India's first RO membrane life alert (patent applied) feature and real-time filters alert (patent applied) feature that display the actual status of the RO membrane and real-time balance life of other filters, respectively. The in-built intelligent sensors can smartly fill the outside water jug without any manual intervention. This water purifier provides hot, warm and ambient water. The Hindware appliances app helps users to stay updated about the appliance's health, TDS level, daily consumption, the temperature of the water and more.



### ONDEO EVO iPRO WATER HEATER

The ergonomically designed and stylish Hindware Atlantic Ondeo Evo iPro water heater has a beautifully contrasting touch key display with LED icons that shows different operating modes and works on Wi-Fi. It comes equipped with three pre-set heating modes and an all-new Auto Fresh Cycle that enables the water heater to maintain hygiene and remain bacteria free by heating the tank up-to 80°C. The Shower Ready Mode makes consumer's life easier as it shows the time for water to be heated.



# Delving deeper into our businesses

## GROWTH DRIVERS

### | Immersive shopping experience



**102**  
Galleries

#### KITCHEN GALLERIES

Our stores are designed to reflect the changing customer preferences when buying products for their homes. Our exclusive kitchen galleries are established in key locations, helping us in not only addressing demand from respective cities but also enabling customers to experience our complete kitchen appliances range all under one roof. We continue to expand our network of kitchen galleries as well as shop-in-shop in multi-brand dealer outlets.

#### Products on display include:

- › Chimneys
- › Cooktops
- › Built-in hobs
- › Cooking ranges
- › Induction cookers
- › Food waste disposers
- › Built-in microwave ovens
- › Built-in ovens
- › Dishwashers
- › kitchen sinks

## | New businesses



### CEILING FANS

Our entry into the ceiling fans segment through our popular brand **Hindware Snowcrest** is aimed to further grow our presence in Consumer Products. Hindware Snowcrest fans lend a contemporary appeal to present-day homes, are aesthetically designed and custom-crafted for modern Indian homes.

The fans are available in six models under three categories: Premium, Decorative and Classic. Available across offline stores and e-commerce portals, they are equipped with easy-to-clean, dust-resistant, aerodynamic blades for uniform air distribution and optimum air delivery at low voltage. These fans come with two-year warranty and are available in different colours such as chocolate gold, metallic copper, dark walnut bronze and white metallic silver.



### FURNITURE AND KITCHEN FITTINGS

We have collaborated with the renowned, 70-year-old Italian company, Formenti & Giovenzana (FGV), to bring their sound knowledge of technology and R&D expertise in furniture and kitchen fittings to Indian doors through the brand **FGV powered by Hindware**. Considered one of the leading companies in Europe for furniture and kitchen fittings, FGV has eight production sites across Brazil, Slovakia, China and Italy and brands like Gieffe, Compagnucci and Manuex.

Combining the experience of FGV and the brand equity of Hindware, we sell normal and soft close hinges, side and bottom mounted drawer channels and drawer systems in India. Going forward, we will invest in creating experience centres across 10-12 large markets in India and invest in immersive digital marketing and below-the-line campaigns to create brand awareness. We are tapping into our Building Products and the Consumer Products distribution network to grow this business.

# Delving deeper into our businesses

## Retail



**₹90.67** CRORE

Revenue from operations

Share in overall business

6%

Going forward, we are focusing on the franchise-based large format store and online portal model to ensure we are able to reach new geographies across India. We have decided to shut eight out of its 10 retail furniture stores as on 31 March 2020, as we want to be leaner in our go-to-market approach.

**27**

Network of company-managed and franchise stores

### PRODUCT ARRAY

EVOK encompasses a wide collection of world-class contemporary products that are known for their quality and durability. Our furniture designs are inspired by various modern and urban themes.

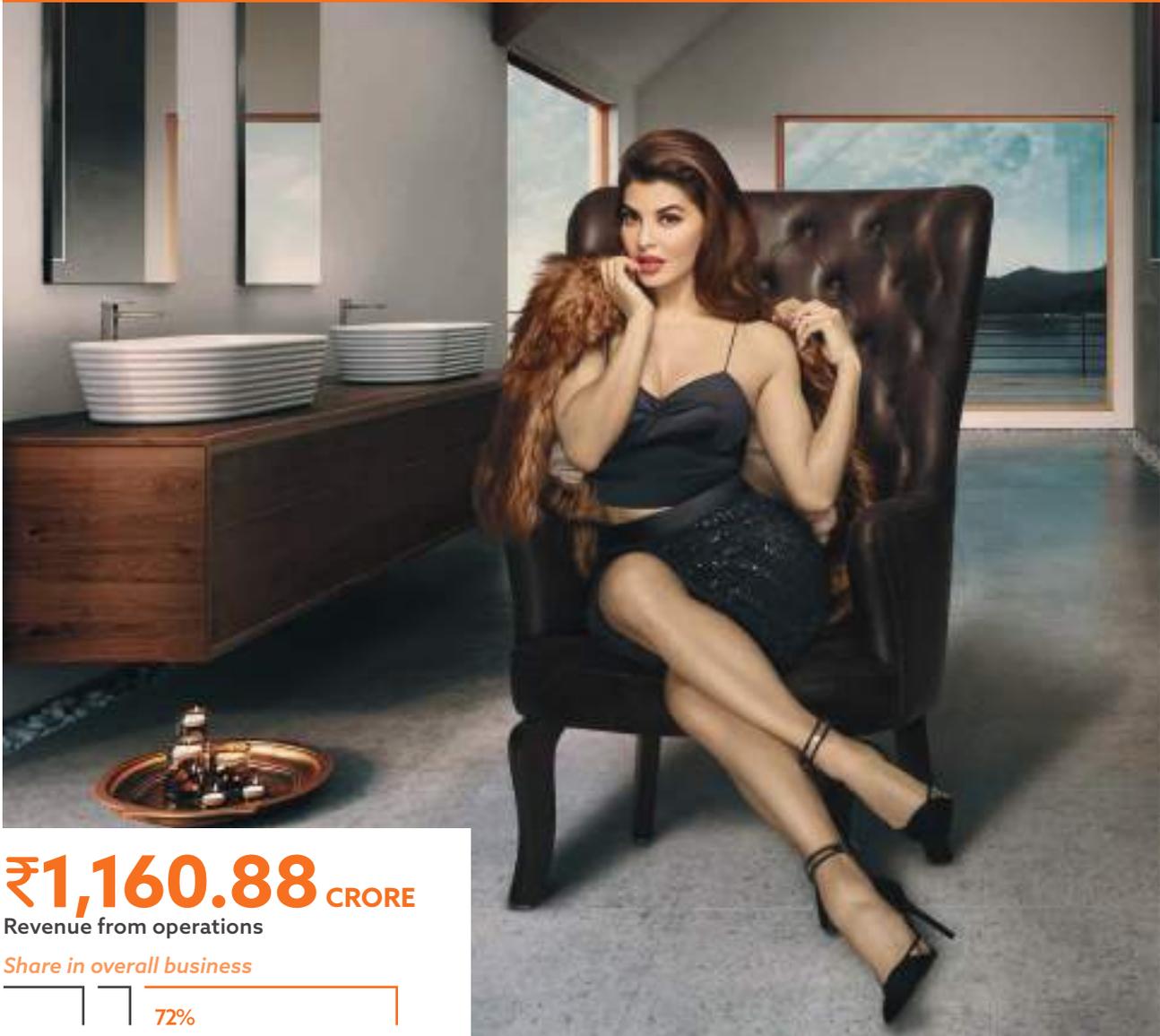


### **EVOK**

- › Solid wood furniture
- › Engineered wood furniture
- › Soft furnishings
- › Home décor and accessories
- › Wall fashion
- › Modular kitchens and wardrobes
- › Decorative lightings

# Delving deeper into our businesses

## Building Products\*



**₹1,160.88** CRORE

Revenue from operations

Share in overall business



### VISION

**Passionately strive to enrich customer's quality of life, thereby enhancing stakeholder value.**

### VALUES

#### People Excellence

- › Nurturing Team Spirit
- › Respect for Individual
- › Continuous learning

#### Business Excellence

- › Performance Excellence
- › Operational Excellence
- › Customer Centricity

#### Leadership Excellence

- › Innovation
- › Agility

\*Marketing and distribution of Building Products division is carried out by Brilloca Limited, a wholly-owned subsidiary of Somany Home Innovation Limited.

## BRAND PYRAMID

### Sanitaryware and faucets



## PRODUCT ARRAY

### Sanitaryware

Water closets, Wash basins, Pedestals, Squatting pans, Urinals, Cisterns, Bidets

### Faucets

Showers, Bathroom faucets, Kitchen faucets, Accessories

### Wellness

Bathtubs, Shower panels, Shower enclosures, Whirlpools, Steam generators

### Plastic pipes and fittings

CPVC, UPVC, PVC, SWR

### Tiles

Glass vitrified, Ceramic, Full-bodied vitrified, Super-slim, Cladding, Parking

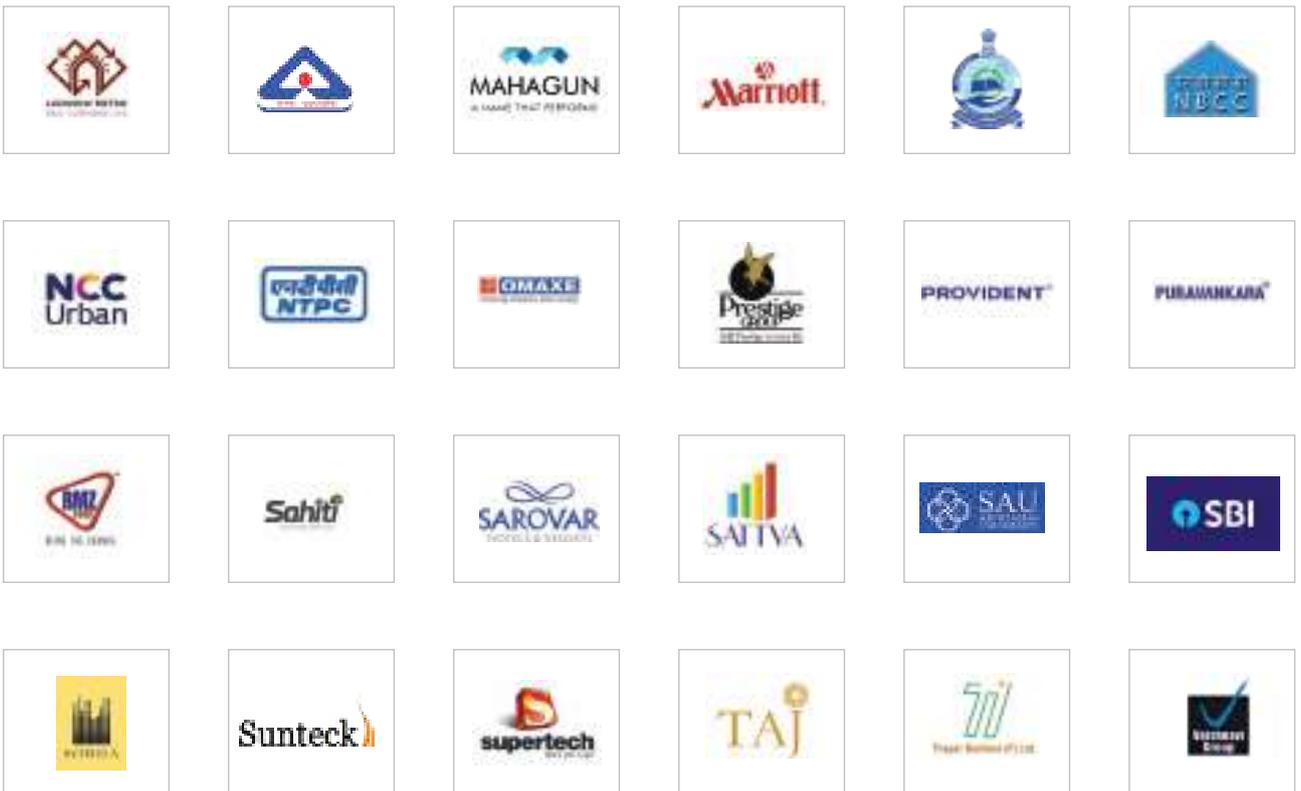
### Allied products

Concealed cisterns, Seat covers, PVC cisterns

# Delving deeper into our businesses

## KEY INSTITUTIONAL CLIENTS





# Delving deeper into our businesses

## NEW PRODUCTS



### E-Clenz

'E-Clenz', a revolutionary intelligent wall mounted water closet, is equipped with automatic posterior and feminine wash. This sophisticated European water-saving closet (EWC) can be controlled remotely for seat temperature adjustment, specific water and dryer temperatures, water volume control and nozzle position adjustment, among other features. E-Clenz combines comfort and simplicity with state-of-the-art functions to ensure convenience, freshness and ultimate hygiene at all times.



### Cora Vortex

Cora Vortex is a unique blend of elegance, hygiene and technology in the wall mounted water closet category. Its powerful vortex flushing action creates a whirlpool effect that cleans the entire surface without any mist or spray, making it more effective while utilising less water.



### Queo F Misura

A two-part series, Queo F-Misura consists of a range of faucets and a line of sanitaryware. The products come in matt finish of stunning black and peerless white and are built on the elegant and ergonomic thin-rim design philosophy. Soft lines and finely curve edges shape every creation in this collection, combining the richness of colour with superior quality and durability. Queo Hall of Fame designers Alessandro Paoletti and Antonio Bullo have designed the sanitaryware and faucets range, respectively.



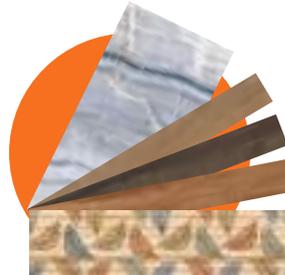
### Starc

The Starc collection of faucets reflects our deep understanding towards building a sharp bathroom aesthetic. Inspired by fine architecture and construction of engineering marvels, the range presents a minimal, eclectic design and meticulous attention to detail.



### Element Deco

The Element Deco line of faucets are the first in the industry to give art deco premium honeycomb design effect on the surface through special laser technology. With its sleek silhouette and modern handles, this single-post faucet brings a crisp, clean look to modern bathrooms. Constructed from solid brass, it comes in a premium, tarnish and corrosion-resistant finishes. The ceramic disc cartridge offers a drip-free experience that is designed to last.



### Tiles

NEOM has been conceptualised from the bottom-up to cater to every need of the modern home. The range consists of 10 different categories, including NEO Slabs, NEO Mini Slabs, NEO Expanse, NEO Solids, NEO Super Slim, NEO Ceramic, NEO Planks, NEO Squares, NEO Cladding and NEO Parking. It offers homeowners and interior designers a vast canvas to let their imagination run free.



### DIGITAL ASSETS

Integrating digital technology to streamline business processes is fundamentally changing how we operate and deliver relevance and value to the customers. It is growing the capacity for innovation within the organisation, driving efficiency and scalability. Some of our digital tools and platforms, along with their powerful data analytics, are enabling us to directly engage with customers, improve their shopping experience, and gain valuable data at every point along their path to purchase. We launched **The Hive** to monitor online reputation and **Bizbuild** to capture, allocate and transfer leads using an automated mechanism.



# Delving deeper into our businesses



## CPVC PLUMBING SYSTEM

For hot and cold water

**Durastream™**  
CPVC COMPOUND



## UPVC PLUMBING SYSTEM

For cold water



## PVC PIPING SYSTEM

For potable water transportation



## SWR PIPING SYSTEM

For sanitary waste water application



## PLASTIC PIPES AND FITTINGS

### TRUFLO by hindware

TRUFLO by hindware offers best-in-class, NSF-certified, CPVC pipes for hot and cold water plumbing applications, along with lead-free UPVC pipes, SWR pipes and PVC pipes for potable water. Our products uses NSF-certified CPVC compound, Durastream, supplied by ~US\$10 billion Japanese conglomerate Sekisui Chemical Co. Ltd., to help us provide quality piping solutions for varied market requirements.

TRUFLO embodies the legacy of excellence and innovation that Hindware is known for. The brand represents the very superiority and quality that has been built over five decades now. With TRUFLO, Hindware reaffirms its commitment to provide complete plumbing solutions.

**1,000+** SKUs  
Offered in FY 2019-20



### Strategic advantages

Plastic pipes and fittings are not just lighter in weight than traditionally used metal and cement pipes, but also do not rust or corrode. Further, these have insulative properties, which prevent formation of condensation while transporting cold water and decrease loss of heat while transporting hot water. Other benefits include ease of installation and long service life. According to a report by the European Plastic Pipes and Fittings Association (TEPPFA), the installation time for a PVC pipe is around 30% faster than a concrete pipe of the same size. Together, these factors are likely to enhance the demand for plastic pipes and fittings, and drive the market going forward.

Moreover, the increased focus of the Government of India on programmes like Swachh Bharat Abhiyan (Clean India Mission), Har Ghar Nal Se Jal (Functional Household Tap Connection to every rural household, as part of the Jal Jeevan Mission) and Pradhan Mantri Awas Yojana (Housing For All) augurs well for this industry. Thus, the greater awareness around sanitation and higher number of water connections or outlets in a house, will increase the relatively low per capita consumption of plastic pipes in India and further boost the prospects of the industry.

### Distribution and marketing

We actively engage with the influencer community to build a strong network of channel partners, who share our vision and help us reach consumers across the country. Activities such as trade partner engagement and branding, and distributor and retailer meets have helped us in accelerating the brand's acceptance and ensuring top-of-the-mind recall.

We participated in 12 exhibitions to promote our brand. We also conducted several outdoor campaigns to amplify our visibility and create maximum impactful exposure. Different mediums were used for these campaigns, such as hoardings at strategic locations, wall paintings, van campaigns and bus and auto branding.

We engaged with ~1,00,000 plumbers through an inclusive approach:

- › **Truflo Plumber Milan (shop meet):** an informal interaction at retail outlets with 15-20 plumbers in one session, to train 70,000+ plumbers overall
- › **Truflo Plumber Sammelan:** a formal interaction in a hotel with 60-75 plumbers in one session, to train 12,000+ plumbers overall
- › **Truflo Plumber Training:** plant visits, workshops and certifications, to train 1,000+ plumbers overall
- › **Partnership with Pradhan Mantri Kaushal Vikas Yojna (PMKVY):** to train up-to 18,000 plumbers

# Delving deeper into our businesses

## EXPERIENTIAL STORES

**Key to extending brand horizons is the expansion of our footprint across Tier-II and -III cities to offer the full range of our products and services. We are maintaining our pioneering position in sales and service, supporting it through our network of one-of-a-kind stores, which provide a ringside view of our brands.**



### Hindware Lacasa

Digitally integrated concept store with cutting-edge design concept, inspired from the brand’s dynamic design language and incorporates intricately curated modern interior architecture to exude modern luxury. The stores offer a series of unique corners designed to take customers on a sensory journey of inspiration.

### Brands on display

Queo, Amore, Alchymi, Hindware Italian Collection, Hindware and the new NEOM tiles – along with a selection of 100+ bathroom themes to help customers visualise their dream homes

**6**  
Lacasa stores

### Hindware brand stores

Present in four formats such as **Hindware Premier, Hindware Galleria, Hindware Boutique** and **Hindware Studio**, based on exclusive display area, store location and business size

### Brands on display

Queo, Amore, Alchymi, Hindware Italian Collection and Hindware

- › Showcases a wide range of premium and luxury products from the brand that includes faucets, showers, wash basins, chromo showers, bidets and wash closets. The design is inspired by the idea of timeless art and the brand’s desire to enhance customer bathrooms with elegance and refinement
- › Construed around the brand concept ‘Bathrooms you keep admiring’ and are equipped with unique décor, style and product display

**410+**  
Hindware stores

### Queo Emporio

- › Boasts of an exclusive Queo luxury bathroom zone dedicated to showcase the fashion lines by renowned designers like Antonio Bullo, Romano Adolini, Fedrico Tombolini, Chiara Valeri and Antonio Cristofaro, among others
- › Showcases complete bathroom range across sanitaryware, faucets, wellness and shower enclosures
- › Allows customers to experience the brand in a luxurious and contemporary setting
- › Employs hand-picked bathroom experts who are well trained and dedicated to make sure that customers have a smooth experience, both pre and post purchase

**55**  
Queo stores

## OUTREACH PROGRAMMES



### 10+

Total exhibitions and events participated in FY 2019-20

### Exhibitions and events

We participate in some of the most well-known events round the year to boost our relevance in the industry and engage with key stakeholders, such as builders, architects, construction companies and realty developers. These include Indian Green Building Council (IGBC), Indian Plumbing Association, INDEX, iDAC Intelligence Series, Arcasia and Design X, among others.

### Dealer and sub-dealer meets

Engaging with our dealers through various platforms is one of our key stakeholder priorities. Outreach initiatives like dealer meets help foster long-term relationships, showcase our new product lines, improve brand salience and discuss our growth strategy.

### Architects' events

We participated in the iDAC Intelligence Series, a work appreciation platform for key opinion leaders and influencers from the infrastructure, architecture and construction industry. The event was held across seven cities and saw participation from 2,000+ members of the architect fraternity. We showcased our wide array of products and the new technology and services introduced by us in Tier-II cities.



### 100+

Dealer and sub-dealer meets organised in FY 2019-20

### Hindware Annual Channel Partner Meet 2019

Hindware 4.0, the Annual Channel Partners Meet, was held in Pattaya, Thailand, in November 2019. The theme for the event was 'Forever Forward Hindware'.

The event was curated to felicitate the top channel partners for their efforts while providing an exciting and immersive experience to all invitees, which included our channel partner's family. The pre-function area featured state-of-the-art displays, new product launches and a fun augmented reality photo booth for guests to take photos and share their dream statements.

The main event provided an opportunity to showcase our business insights, growth, and future opportunities by the senior leadership.

### Plumber training and meets

We connected and engaged with 1,00,000+ plumbers through various trainings, meets, roadshows and incentive-based programmes. In addition to various initiatives taken by the Company to engage with the plumber community, we collaborated with the Indian Plumbing Skills Council, to upskill the plumbing community, thus supporting the Government's skill development scheme, Pradhan Mantri Kaushal Vikas Yojna (PMKVY).

# Delving deeper into our businesses

## GROWTH DRIVERS

### | Immersive shopping experience



#### LACASA STORES

We are growing closer to our customers with our state-of-the-art experience store concept, Lacasa. Synonymous with luxury, each Lacasa store is tailored to inspire customers to bring alive their dream homes and bathrooms with a range of luxury and premium sanitaryware, bath fittings and premium and super-premium tiles.

We inaugurated the largest Lacasa store at Ring Road, Lajpat Nagar in the heart of New Delhi, this financial year. The digitally integrated concept store has a modern, inviting ambience and is spread across two floors with an expansive area of over 7,000 sq ft. It offers

a series of unique corners designed to take customers on a sensory journey of inspiration.

The digital LED wall of the store facade creates a theatrical effect that invokes curiosity about the ensuing immersive experience. A visual escapade, Zen Garden of Showers is a spa series that blends wellness and health, offering a rejuvenating shower experience. As one moves forward, the Queo spaces showcase products designed by globally acclaimed designers almost as pieces of art – hence, the space is depicted as an art gallery. Right after the Queo section, the Alchymi space consists of collections that are thematic in nature.

## | New business



### PREMIUM AND SUPER-PREMIUM TILES

We have forayed in the growing premium and super-premium tiles segment with brand **NEOM**. Our launch theme 'Making India Beautiful' resonates with our brand ideology and promises a beautiful, modern home design solutions with style, substance and spirit.

We have entered into a strategic partnership with exclusive manufacturers to create high-quality premium and super-premium tiles. The asset-light model has helped us launch our tiles business segment in a short duration of time and focus on product design and innovation to cater to burgeoning needs of Indian consumers.

Although a niche brand in the cluttered tiles category, our product portfolio spans glass vitrified, ceramic, super-slim, full body vitrified wall and floor tiles, with 750 SKUs in different sizes. We are among the first brands to have introduced 5mm super-slim tiles in India, these are durable, easy to fix, eco-friendly and fire resistant, with no chemical or toxic materials.

Our go-to-market strategy involves offering the premium brand experience to our customers through modern stores and an exclusive network of retailers. With NEOM, we are offering global trends to customers and are helping them build homes that symbolise their personal style.

**We are among the first brands to have introduced 5mm super-slim tiles in India, these are durable, easy to fix, eco-friendly and fire resistant, with no chemical or toxic materials.**

# Brilloca Limited Board of Directors

(a wholly-owned subsidiary of the Company)



**Mr. Sandip Somany**  
Chairman and Managing Director  
Age: 56 years



**Mr. Girdhari Lal Sultania**  
Non-executive, Non-independent  
Director  
Age: 74 years



**Mr. Salil Kumar Bhandari**  
Non-executive, Independent director  
Age: 62 years



**Mr. Ashok Jaipuria**  
Independent Director  
Age: 66 years



**Dr. Rainer Siegfried Simon**  
Independent Director  
Age: 70 years



**Ms. Alpna Parida**  
Independent Director  
Age: 57 years

**Mr. Sandip Somany**

- › Commerce graduate and a diploma holder in Ceramic Manufacturing Technology from the US
- › 35-year work experience in the ceramics and glass industry
- › Former President of PHD Chamber of Commerce and Industry (PHDCCI)
- › Past-President of International Chamber of Commerce – (head quarter in Paris) India Chapter
- › Currently on the Board and the Immediate Past-President of Federation of Indian Chambers of Commerce and Industry (FICCI)
- › Chairman of the Indian Council of Sanitaryware Manufactures (INCOSAMA)
- › Member of the Governing Council of All India Glass Manufacturer's Association

**Mr. Girdhari Lal Sultania**

- › Commerce graduate, Fellow Chartered Accountant, Fellow Company Secretary and consultant by profession
- › Possesses vast knowledge and experience of Financial Restructuring, Corporate Laws and Legal Compliance
- › General Member of Association of Corporate Advisers & Executives

**Mr. Salil Kumar Bhandari**

- › Fellow Chartered Accountant, Commerce graduate (Honours) and Diploma in Business Administration
- › Founding Partner of BGJC & Associates LLP a well-respected audit and management consulting firm based in New Delhi
- › Experience in counselling top management in strategy implementation, scaling up of business, organisational development and management and family structures
- › Former President of the PHD Chamber of Commerce and Industry (PHDCCI)
- › Member of National Executive Committee of FICCI
- › Currently on the Board of the Indian Institute of Management (IIM), Indore
- › Former Chairperson of Society for Integrated Development of Himalayas (SIDH)
- › Former member of Task Force – Commission on Centre State Relations, Government of India
- › Former Managing Committee member at ASSOCHAM
- › Former member of the Advisory Committee, Department of Company Affairs, Government of India

**Mr. Ashok Jaipuria**

- › Qualified in Business Administration and Marketing Sciences
- › Chairman & Managing Director of Cosmo Films Limited, an Indian MNC, which is into manufacture and export of Biaxially Oriented Polypropylene (BOPP) Films
- › Member of the Board of Governors of Public Health Foundation of India (PHFI), Gurugram
- › Former Member of the Board of Governors of the Indian Institute of Technology, Indore & Patna
- › Former Executive Committee Member of FICCI, New Delhi
- › Former Member of the Board of Governors of the institute of Liver & Biliary Sciences
- › Former President of Golf Foundation, an organisation that helps the underprivileged potential golfers in India
- › Founder Trustee of Cosmo Foundation, an organisation that imparts education to the underprivileged

**Dr. Rainer Siegfried Simon**

- › German Citizen and professional with over 33 years of experience in international building products businesses
- › Doctorate and has a degree in Business Administration from St. Gallen University, Switzerland
- › Owner of Birch Court GmbH since 2005
- › Former President and CEO of Sanitec International AG (Europe's largest Sanitaryware manufacturer)
- › Held Senior Management positions at Friedrich Grohe AG (largest player in faucet business in the world), Continental AG and Keiper-Recaro and others
- › Member of the Board, Lecico Egypt S.A.E.

**Ms. Alpana Parida**

- › Graduate from IIM Ahmedabad and has a degree in Economics from St. Stephens, Delhi University
- › 25+ years of experience in retail and marketing communications in the US and in India
- › Expertise in merchandising management and working with complex mix of vendors and in-house sources in the supply chain to get optimal output in terms of design, quality and margins
- › Current President of DY Works, India's oldest and largest branding firm; prior to that, she was the Head of Marketing at Tanishq, a prominent jewellery brand in India
- › Conducts branding workshops for large corporates and is also associated with various NGOs
- › Independent Director on the Board of Directors of various reputed companies and institutes

# Management Discussion and Analysis

The dawn of 2020 has been associated with change that is both unprecedented and pervasive. COVID-19 is a human tragedy and is exacting a heavy toll on society. We are entering the new financial year at a time when economies across the world have been brought to a halt. When we emerge out of this crisis, the world will be a very different place. And brands that embody empathy and foresight, while understanding consumers' changing aspirations, will be successful in the 'new normal'.

Companies will need to create conditions for sustainable growth that respects the environment and the communities and is collectively profitable for all the stakeholders. The answer then lies in businesses staying close to the consumers, aligning with their evolving priorities, remaining lean and agile, finding novel ways to create value and launching innovative offerings that address current imperatives. Companies and brands also need to harness the potential of technology and decentralisation to encourage consumer-centric decision-making and address customer needs in a timely manner.

**We, at Somany Home Innovation Limited, are extending our brand horizons to be not just a witness, but a participant in this exceptional era of transformation. Our brand philosophy and outlook are integral to our business strategy, which is attuned to the headwinds and tailwinds of the broad economic landscape. We continue to review and course-correct our business strategy in line with the emerging developments in the global and Indian economy. And in these tough times, we are mobilising, trying to stabilise our businesses in the new environment and strategising for what's next.**





## Global economy overview - Steering through headwinds

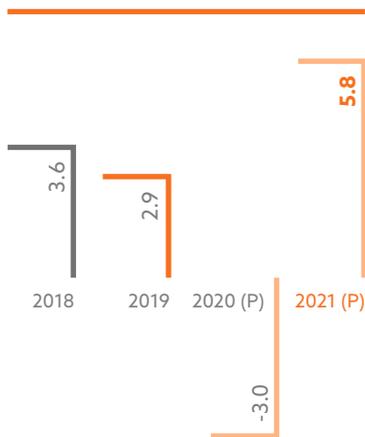
A combination of trade policy uncertainty, geopolitical tensions and stress in key emerging market economies continued to exert pressure on global economic activity (especially manufacturing and trade) for most of 2019. However, COVID-19 has dramatically altered the narrative in recent months. Its spread has inflicted a steep and a still rising human cost worldwide. The protection measures it has necessitated are severely impacting economic activity.

The April estimate of the International Monetary Fund projects the global economy to contract sharply by 3% in 2020. In a baseline scenario, which assumes that the pandemic slows down in the second half of 2020 and containment efforts can be gradually relaxed, the world is projected to expand by 5.8% in 2021 as economic activity normalises through policy support. Growth in the US is expected to decline by 5.9% in 2020 and grow consequently by 4.7% in 2021. Growth in emerging and developing Asia is forecast to inch up by 1.0% in 2020 and scale up by 8.5% in 2021.

### OUTLOOK - COORDINATED ACTION HOLDS THE KEY

The growth trajectory depends to a large extent on the severity of the outcomes, effective policy discussions and necessary precautions taken to reduce contagion and protect lives. The extraordinary pace of work on treatments and vaccines promises hope. The swift and substantial economic policy actions taken in many countries will help support affected households and domestic businesses. Such targeted fiscal, monetary and financial market measures remain the need of the hour. On the global front, strong multilateral cooperation is essential to mitigate the crisis, particularly by helping financially constrained countries with weak healthcare systems.

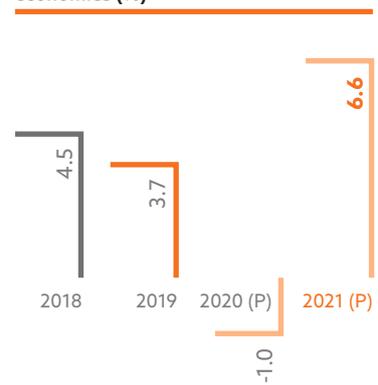
World output (%)



Advanced economies (%)



Emerging market and developing economies (%)

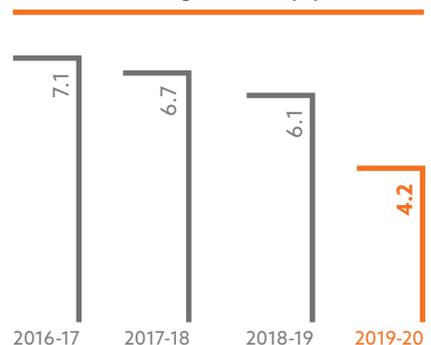


Source: International Monetary Fund, World Economic Outlook, April 2020

## Indian economy overview - Resilience put to the test

Muted private consumption, a contraction in manufacturing and sluggish private investments were driving a cyclical slowdown in the Indian economy in the first half of fiscal 2019-20. The Government of India implemented several counter-cyclical measures to incentivise spending and investment, while the Reserve Bank of India (RBI) adopted an accommodative monetary policy stance for most of the year. However, the emergence of the COVID-19 pandemic in March 2020 cast a shadow on the incipient signs of recovery and India closed the year at an annualised GDP growth rate of 4.2%.

India's annual GDP growth rate (%)

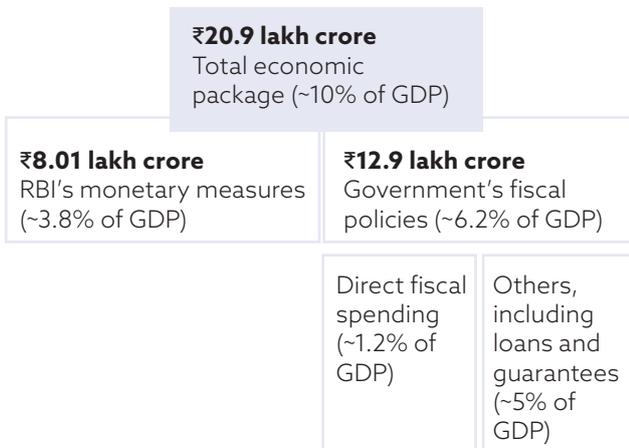


Source: Economic Survey of India 2019-20; Central Statistics Office

## POLICY RESPONSES TO COVID-19

To contain the spread of the COVID-19 pandemic in India, the government promptly imposed a nationwide lockdown from 25 March 2020. The lockdown affected nearly all sectors in the form of shutdown of factories, restrictions on mobility and transportation, lowering of discretionary spends and increased liquidity stress.

The government announced a mix of short-and long-term policy initiatives to offset the lockdown losses and boost the prospects of a recovery. The fiscal support under 'Aatma Nirbhar Bharat Abhiyan' announced on 12 May 2020, intends to inject ₹ 20.90 lakh crore into the economy, which is ~10% of the nominal GDP of India.



At the same time, the RBI has rolled out a slew of measures to boost liquidity to the Non-Banking Financial Companies (NBFCs) and other financial institutions. This was done to ease credit flow to the productive sectors of the economy. Some of the key announcements include lowering of the repo rate, the Cash Reserve Rate (CRR) and the Statutory Liquidity Ratio (SLR); moratorium on term loan instalments; extension of time for import payment; deferment of interest on working capital facilities and extension of the limit of a bank's group exposure, among others.

## SECTORAL IMPACT

### Real estate - Long-term sentiments optimistic<sup>1</sup>

Indian real estate sector, in the past few years, has borne witness to structural shifts, policy reforms and the liquidity crisis. With the onset of the COVID-19 pandemic, the sector is seeing another major structural change across three of its key asset classes.

- › **Residential real estate** has seen a dip in housing sales and new launches, since site visits, discussions, documentations and closures have been brought to a standstill.
- › **Corporate business** has seen a delay in leasing decisions. Companies are now exploring remote work options and rostered days of work as standard

operating practice. This could make a lasting difference on the space requirement of businesses.

- › **Retail business**, by virtue of being consumer-facing, has seen a slowdown since malls and non-essential businesses remain largely inactive. Employment uncertainty and a 'savings-first' mind-set are further curtailing consumer spends.

That said, the crisis has brought forth latent opportunities within untapped real estate segments, particularly the role played by design efficiency and interior aesthetics in laying out homes, workspaces and business establishments. Discovery of properties is more likely to take place online, as consumers will prefer to browse the internet for information on desired properties, before closing the deal in person.

Further, demand from first-time buyers is expected to see an uptick in the medium term, as the millennial generation is likely to appreciate more the importance of owning a house, both as a safety precaution and an asset in their investment basket.

### Consumer spending - Savings first with deferred discretionary spends<sup>2</sup>

Moderate revenue growth across consumer sectors such as food, appliances, readymade garments, e-commerce and quick service retail is projected in the coming months.

There is an expected decline for some discretionary segments, since higher value consumption decisions are likely to be postponed and the impact on demand for essentials is likely to be marginal.

The new consumer priorities in the post-pandemic world will be availability, convenience, hygiene and safety. Retailers and fast-moving consumer goods companies are increasingly tying up with service providers for contactless doorstep deliveries and investing in their digital capabilities in order to fulfil emerging consumer preferences.

With India now entering 'Unlock 1.0', the pressure on incomes and economic activity is expected to ease. Measures to offset lockdown losses are projected to stimulate consumer and investor sentiments.

### Building materials - Muted growth, stable outlook<sup>3</sup>

In consequence, growth in the building products segment is expected to weaken in fiscal 2020-21, on account of muted real estate performance and a dip in consumer demand. Within the segment, the plumbing pipe segment will be relatively less impacted followed by the adhesive segment while categories like wood panel, tile and sanitaryware are likely to witness further pressure on growth.

A range of factors, including emphasis on innovation by market players, surge in the investments pertaining to R&D activities, and favourable regulatory policies among others will boost the long-term demand of this sector. Rising demand for advanced products such as intelligent toilets and smart showers is expected to boost the market growth over the next few years.

1. As on April 2020

2. As on May 2020

3. As on May 2020

## OUTLOOK - BUILDING ON INTRINSIC STRENGTHS

Following more than two months of phase-wise lockdown, the government announced 'Unlock 1.0' effective from the first week of June 2020 to gradually ease restrictions and encourage economic activity. Around the same time, India became the fourth worst COVID-19-affected country in the world and new cases were breaching highest-single-day records every day. That said, we cannot fully ascertain the human cost and economic impact of the pandemic as yet.

The significant measures taken by the policymakers have been critical in averting a graver crisis. Further, the resilience of agriculture and allied activities bodes well for the domestic economy. The India Meteorological Department (IMD) has forecast a normal south west monsoon for 2020, with rainfall expected to be 100% of the long period average with a model error of 5%.

Firms should incorporate permanent safety measures in offices and on shop floors, re-evaluate brand portfolio, expand relationships with third-party e-commerce platforms, and most importantly, anticipate and be ready to respond to newer habits that consumers will develop after living through the pandemic.

As consumer product companies move into the 'next' and 'beyond' phase, their ability to digitally transform faster, invest in relevant technologies such as artificial intelligence, optimise the use of big data and analytics and improving overall customer experience will be the key differentiators in the industry, which will in turn enhance their resilience to withstand any future disruption.

Going forward, new digital technologies will need to be employed to deliver targeted support to the informal sectors. Broad-based stimulus and liquidity facilities to reduce systemic stress in the financial system will lift confidence, prevent a deeper contraction in demand and bolster expectations for the eventual economic recovery.

The next few months will be difficult for everyone, individuals and organisations. But India's position in the world indices is a strong indicator of the country's inherent strengths and proof of the focused reforms it has undertaken in the last few years to build capabilities.

With a strong emphasis on indigenisation and supply chain resilience, India will be able to tap into the opportunities that emerge post the pandemic. The long-term demand drivers will continue to play a significant role in shaping the growth trajectory of the economy in the years to come.

## LONG-TERM DEMAND DRIVERS - INDIA'S ADVANTAGE REMAINS STEADY<sup>4</sup>

India's structural growth story will continue to stay the course, since its long-term drivers, including the increase in GDP per-capita, urbanisation, consumer spending and growing working-age population, remain intact.

### Growth in income

India's urban population will contribute 75% to the GDP by 2030, up from 63% in 2019. India has a US\$9 trillion economic opportunity by 2030 with a projected per capita income of US\$5,625 in 2030 vis-à-vis US\$1,336 in 2019. Income growth also implies that India will lift nearly 25 million households out of poverty; less than 5% of households will lie below the poverty line by 2030, a decline from 15% in 2019.

### Favourable demographic

The Economic Survey of India 2018-19 estimated India's working-age population will rise from 50.5% in 2011 to about 58.8% in 2031. By 2030, India will move from being an economy led by the bottom of the pyramid, to one led by the middle class. Nearly 80% of households in 2030 will be middle-income, up from about 50% today. The middle class will drive 75% of consumer spending in 2030.

### Rapid urbanisation

India's urbanisation pattern has been both steady and dispersed, distinct from other economies in the world. The top urban metros and townships will be significantly richer than other cities, and at the same time, the consumption divide between urban and rural towns will narrow. By 2030, India's urban areas will account for 40% of the population and the rapidly urbanising cities and towns will witness a 4x growth in consumer spend.

### Digital expansion

Access to the internet will extend to about 1.1 billion users in 2030. Nine out of 10 Indians over 15 years of age will be online by 2030 and ~850 million Indians will use smartphones by the middle of the decade. Thus, the profile of India's connected consumers will be much more diverse by that time than today - more vernacular, more rural and more mobile-friendly users. This is significantly different in comparison to the other large economies in the world and will transform India into one of the biggest tech hubs.

4. Source: World Economic Forum; CREDAI

## India continues to improve its position in world rankings

**63<sup>RD</sup>**   
77th  
World Bank's Ease of  
Doing Business 2020

**52<sup>ND</sup>**   
57th  
Global Innovation  
rankings

**52<sup>ND</sup>**   
108th  
Resolving Insolvency  
rankings

**44<sup>TH</sup>**   
55th  
Logistics Performance  
Index

## Consumer Products



### INDUSTRY REVIEW

While the Indian economy performed modestly in 2019, the consumer durables market logged a steady growth. Ranked fifth largest in the world, the market's expansion is supported by rapid urbanisation, an expanding middle class and a growing demand for convenience. The consumer durables market is estimated to be around ₹76,400 crore and is likely to double to ₹1.48 lakh crore by FY 2024-25 at 11.7% CAGR, according to a joint report by Consumer Electronics and Appliances Manufacturers Association (CEAMA) and Frost & Sullivan.

The home appliance segment is one of the fastest growing industries in the Indian market, driven by both large and small appliances. The sector presents vast untapped opportunities in appliances like kitchen chimneys, water heaters, air coolers, microwave ovens, food processors, refrigerators, water & air purifiers, ceiling fans and others. That said, the COVID-19 crisis is expected to have a near-term impact on the performance of the sector, with the postponement of high-ticket purchases and lowering of discretionary spends.

Exposure to global trends has resulted in a perception change, where consumer durables are not just viewed as utility products anymore. Digital-first tech-savvy millennials are reshaping consumption trends, specifically how consumers discover, evaluate and purchase products. A report by Google India and Boston Consulting Group suggests that by 2023, the use of internet by shoppers during the entire purchase cycle, from researching to buying, will impact 63% of consumer durables sold in India. This trend is likely to be accelerated, with consumers leaning towards online transactions post COVID-19. Home and kitchen appliances are expected to benefit, as more people are likely to prefer staying and eating at home.

On the other end, consumer goods companies have begun to capture value by applying digital tools to R&D, quality control, manufacturing, distribution channels, marketing and sales. There is also a growing interest from Tier-I cities for smart connected devices and home automation solutions. The segment has the potential to become mainstream with the roll-out of smart utilities as part of the 'Smart City' initiative. The expansion of connected devices through high-speed internet will further unlock an array of opportunities for companies in the consumer sector, among others.

## GROWTH DRIVERS<sup>5</sup>

### Growing young urban consumers

Working-age Indians will represent 58.8% of the overall population by 2031, as compared to 50.5% in 2011. This has far-reaching implications on spending as young men and women are observed to base their consumption decisions more on lifestyle considerations than on functional requirements.

### Rise in nuclear households

Consistent with the wave of urbanisation and migration, there are signs of fragmentation among families in both urban and rural areas. The proportion of nuclear households has been on the rise and is projected to touch 74% by 2025. In addition, the number of one-member families has also steadily increased. This is significant because decision-makers in nuclear families and single-member households are younger and more brand-embracing, compared to those in joint families.

### Surge in rural and semi-urban consumption

Rural consumers, on the back of substantially higher purchasing power, are expected to contribute more to the sales of consumer durables. Following the structured implementation of Pradhan Mantri Ujjwala Yojana, wider adoption of technology and easier access to financing options for consumers in Tier-III cities, the demand for electronic goods, particularly kitchen appliances such as water purifiers, chimneys and essential cookware, is on the rise.

### Evolving spending patterns

Existing research shows a gradual shift in consumers' aspirations and spending behaviour, notably buying and trade-off decisions. Instant gratification, comfort and convenience are increasingly becoming important, and aspirer as well as affluent households are willing to pay for it. In fact, aspirer households are trading up more frequently towards higher-quality, higher-price segments within categories.

### Enhanced consumer focus

Changing lifestyles, higher disposable income, more access to product information and greater transparency mean that consumers today are spoiled for choice. Companies are adapting their business models to service the varied needs of a discerning and diverse audience. The result is that the industry is witnessing the creation of new segments and further expansion of existing ones.

### Digital acceleration

The government's continued focus on digitalisation, together with affordable data packages, spread of high-speed internet connectivity and falling smartphone prices, is deepening the penetration of internet in India. The country has the second largest mobile (1.2 billion) and internet subscription base (637 million) in the world. Close to 1.2 billion Indians have been linked under the Aadhaar programme, the world's largest biometric identification system. This presents a lucrative opportunity for the home innovation market.



### Niche innovation

As the idea of smart homes gains momentum, brands are leveraging automation and virtual reality to introduce products that fulfil the expectations of tech-savvy homeowners.

### Social commerce

In a significant shift in consumer behaviour, social commerce is helping retailers target buyers at all points of the purchase funnel. More players are marketing their products through unique social media initiatives that plant them firmly on the side of the consumer in the process.

### Availability of consumer credit

India's consumer finance market is projected to grow in a robust manner, with a rising number of people opting for credit cards, Equated Monthly Instalments (EMIs) at nil or low interest rates, and easier availability of different housing loans. New and emerging consumer finance options from large format stores or financial service providers also help secure demand. At the same time, the government's thrust on transforming India into a cashless economy has led to greater use of plastic money, as well as introduction of Unified Payments Interface (UPI) and other mobile-led payment applications, all of which are propelling demand.

## BUSINESS REVIEW

The Consumer Products business caters to the marketing and distribution of the top-of-the-line consumer appliances such as kitchen chimneys and appliances, water heaters, water and air purifiers, air coolers and ceiling fans, across a varied price range. In addition to it, the division also houses the furniture and kitchen hardware fittings business under brand 'FGV powered by Hindware'.

The range of premium and advanced products is known for its efficiency and aesthetic appeal. We unveiled an array of intelligent and connected products in this financial year for the discerning consumer, helping simplify their lives with smart automation and paving the way towards building truly smart homes.

Our growing line-up of highly differentiated products, and our expansive and in-depth distribution and retail networks lend us top-of-the-mind brand recall and emphasise our position as one of the fastest growing consumer appliance companies in the country.

5. Source: Boston Consulting Group; CBRE Research 2019



## KEY HIGHLIGHTS FY 2019-20

### IoT products

Launched a range of IoT-enabled, smart and cutting-edge products, including the RO+UV water purifier, Achelous Premium iPro; the Optimus iPro chimney with MaXX Silence technology and the Hindware Atlantic Ondeo Evo iPro water heater

### Kitchen chimneys

Introduced the Titania Chimney range with breakthrough MaXX Autoclean technology

### Ceiling fans

Entered the ceiling fans business, leveraging the 'Hindware Snowcrest' brand. The fans are available in six models under three categories; equipped with easy-to-clean, dust-resistant, aerodynamic blades; and come with a two-year warranty

## STRATEGIC ROADMAP

Hindware as a brand continues to play a significant role in shaping the Company's growth trajectory. Amidst an increasingly volatile operating context, evolving consumer behaviours and intensifying competition, we are constantly adapting and transforming our businesses to stay ahead.

Lifestyles, technologies and societal shifts are changing how we engage and connect with consumers. To be amongst the leading players in the consumer appliances sector means going the extra mile to find more agile ways of working and capitalising on product differentiation and digital innovations across marketing and distribution channels to grow closer to consumers and the experiences they seek. And that is exactly what we are doing.

Innovation is part of our DNA. We are building upon the brand's legacy and versatility to enter new and exciting product categories and improving our consumer value proposition.

We are bringing the best of design and technology to match the aesthetics of the modern home and are empowering consumers with high-performance and sophisticated appliances. We are improving brand awareness through consistent and proactive activations that highlight the USP of our products.

## Retail Division



## INDUSTRY REVIEW<sup>6</sup>

The home décor market in India is expected to grow at ~13% between 2018 and 2023, surpassing the US\$61 billion mark. As a part of the overall pie, the residential sub-segment is likely to grow at ~14% and commercial at ~12%.

Across furniture and interior solutions, homeware retail is witnessing a paradigm shift. Retailers are preferring an asset-light approach and franchise model of operations to lower the cost of overheads and mitigate the impact of high rentals. There is a heavier emphasis on digital channels, as the new normal has hastened the digital disruption that was already in play before the pandemic.

More consumers are crossing the perceived chasm between offline and online buying when it comes to selecting furniture for their homes – indicating growing trust in the online discovery of products.

## GROWTH DRIVERS

### Burgeoning demand<sup>7</sup>

The growing number of millennials, the spurt of middle-income earners and greater participation of women in the workforce collectively augur well for the Indian retail space. It is expected to grow at 12% CAGR, from US\$790 billion in FY 2018-19 to US\$1,400 billion by FY 2023-24.

### Shift towards 'click and mortar'

A higher number of brands today are offering a combination of online discovery and offline experience centres in order to be a part of the consumer purchase cycles.

6. Source: GlobeNewswire

7. Source: Business Insider



### Homes become the new workplace

Demand for ergonomic furniture for the home is on the rise as working from home is here to stay, at least in the foreseeable future. With the uptake in online classes and virtual learning modules, makeshift workstations are likely to give way to more reliable and productive desk areas.

### BUSINESS REVIEW

The segment caters to the distribution of furniture, furnishings and home improvement products under our brand 'EVOK'. We have a strong online presence through [www.evok.in](http://www.evok.in), operated by the Company's wholly owned subsidiary, Hindware Home Retail Pvt. Ltd., as well as prominent multi-brand furniture marketplaces, such as Pepperfry, Urban Ladder, Flipkart and Amazon.

The brand today is one of the most preferred one-stop-shop for both online and offline furniture, complete with modern designs that fulfil different styles and needs of consumers. We have a strong and dedicated network of 27 company-managed and franchise stores. Our products mirror the aesthetic and functional sensibilities that complement tastes and preferences of today's consumer. EVOK leverages the core strengths of the Company – understanding diverse consumer and trade behaviour, retail distribution network, brand equity, global sourcing and cost-effective supply chain management – to establish itself as one of the favourite destinations for solid and engineered wood furniture.

### KEY HIGHLIGHTS FY 2019-20

**6,000+**

New pin codes of coverage has helped us reach a more diverse consumer base across the country

**5 MN**

Consumers reached through EVOK's online and offline channels this year

### STRATEGIC ROADMAP

We are taking incremental steps towards winding down most of our own large format stores in order to be leaner in our go-to-market approach, and focusing on the franchise-based large format store and online portal model. This has helped the brand to reach new geographies across India. The Company has decided to shut eight out of its 10 retail furniture stores as on 31 March 2020, under brand 'EVOK' to reduce the fixed and operating costs, and help us channelise our focus towards digital touchpoints through our own website and other online marketplaces.

We are largely focused towards the middle class and affluent households in urban India and our offerings are based on functional utility, design and appeal. We are recalibrating our sourcing strategy to provide a range of furnishing products that cater to the changing consumer landscape. Our overarching objective remains to reimagine and reinvent how people experience their homes.

## Building Products Division



### INDUSTRY REVIEW

#### Sanitaryware

At an estimated ₹4,800 crore, India's sanitaryware market is the world's second largest. Currently, the organised sector comprises almost 60% of the market and is primarily focused on the middle class and affluent segments in urban areas. The remaining is attributed to the unorganised sector.

Overall, the sector has been struggling due to issues such as muted real estate performance, lukewarm consumer demand, disruptions in supply chain and business operations, and the outlook is modest for the next two to three years. Renovations will drive demand in the replacement market across both individual household and commercial applications. The government's initiative such as Swachh Bharat Abhiyan is playing a significant role in expanding the mass market segment.

The current COVID-19 crisis notwithstanding, sanitaryware remains a key pivot in many infrastructure verticals, such as hospitals and residential projects, which form the cornerstone of any economy's growth and recovery.

#### Faucets

India's faucet market is valued at an estimated ₹9,000 crore. Similar to the sanitaryware segment, the growth curve of faucets remains flat, despite its growth over the last couple of years owing to growth in real estate industry, increase in disposable income, changes in consumers' preferences and lifestyle, and exposure to international brands.

Macro factors such as increasing urbanisation, nuclear family concept, low per capita consumption, rising disposable incomes, and the government's push for housing for all, smart cities and improvement of sanitation will drive the long-term growth of this sector.

#### Premium tiles<sup>8</sup>

India is the world's second largest tile producer, accounting for 7% of the global production. The country's tiles industry is estimated ₹35,000-40,000 crore. Large organised players account for nearly half the market size. Also in terms of categories, the industry is largely dominated by ceramic wall and floor tiles, followed by polished vitrified and glazed vitrified tiles. While the overall market is growing in single digits, it remains buoyant and demand continues to rise.

Consumption of tiles is expected to grow on the back of the government's initiatives around affordable housing, smart city projects and creation of new industrial corridors. In addition, capacity expansion, technology advancement and a varied product portfolio offered by organised players have played a significant role in the sector's growth.

There is a discernible shift in consumer preferences towards tiles from natural stones, owing to the former's ease of laying, competitive pricing, attractive designs and varying sizes. New tiling applications, apart from bathrooms and kitchens, are stimulating incremental demand as well.

8. Source: EAC International Consulting

### Plastic pipes and fittings

India's plastic piping segment remains resilient and is expected to grow at a reasonable pace in the near term. The market size for the versatile Polyvinyl Chloride (PVC) is estimated at ₹31,500 crore. Of this, Unplasticised PVC (UPVC) pipes account for a large share. Being lightweight and durable, UPVC pipes find use as drain pipes in residential, commercial and industrial complexes. These pipes are likely to experience the highest growth, supported by growing demand in the potable water, wastewater supply and agriculture sector. Meanwhile, Chlorinated PVC (CPVC) pipes are also gaining traction owing to their suitability for hot and cold water delivery and industrial liquid handling; ~70% of the country's PVC market can be attributed to the organised sector.

The major growth drivers for this market are increase in public spending, rise of residential and commercial construction, greater industrial production and replacement of old pipelines. Emerging trends, which also have a direct impact on the dynamics of the Indian plastic pipe industry, are the usage of anti-microbial plastic pipes to improve hygiene. The impact of COVID-19 will lower the demand in the first and second quarter of FY 2020-21, but the demand is expected to pick up in the subsequent quarters.

### GROWTH DRIVERS <sup>9</sup>

#### Consistent public spending

The government's steady efforts to set up clean drinking water systems and public sanitation facilities bode well for the growth and the scalability of the sanitaryware industry. The Union Finance Minister allocated ₹30,478 crore for the Jal Shakti Ministry in the Union Budget 2020-21. Within this, the share for the overall Jal Jeevan Mission, which seeks to ensure water security across the country, is ₹11,500 crore. Funds worth ₹12,294 crore were also earmarked to further the Swachh Bharat Abhiyan, the nationwide cleanliness campaign that kickstarted in 2014 to end open defecation. Moreover, stringent implementation of the Goods and Services Tax (GST) will enhance the growth prospects for organised players.

#### Ongoing and new construction

The real estate sector contributed ~6-7% to India's GDP in 2017 and is expected to increase to ~13% by 2025 and become the third largest globally by 2030. Coupled with the government's thrust on projects such as 'Smart Cities' and 'Housing for All', the shift from joint to nuclear families will spur construction activities, in turn generating demand for building materials.

#### Changing consumer lifestyle

Shifts in consumer preferences will drive higher demand for luxury homes and this augurs well for the market for bathware products and tiles. Rising disposable income is going to prompt more homeowners to make additional expenditure on premium interiors and advanced

amenities, focusing on minute aesthetic details such as fixtures and fittings.

#### Higher discretionary spending

India's per capita monthly income is estimated to have risen by 6.8% to ₹11,254 during FY 2019-20. Rising discretionary spend as well as affluence levels continue to support long-term business growth. Aspirational consumers, with their growing appetite for contemporary styles and aesthetic finishes, are willing to pay a premium for products that reside at the higher end of the spectrum.

#### Role of brands in home renovation

With home renovation gaining favour among India's brand conscious consumers, replacement cycles are shortening. At ~10-12% of total demand it is likely to be a major driver in future.

#### Spike in housing demand in Tier-II and Tier-III cities

The reverse migration of the workforce witnessed in the wake of the COVID-19 pandemic has spurred housing demand in Tier-II and Tier-III cities. Considerations of lower cost of living and superior infrastructure solutions will tip the scales in the favour of these cities.

### BUSINESS REVIEW

The Building Products segment houses our flagship business of sanitaryware, faucets, wellness products, plastic pipes and fittings and the recently launched premium and super-premium tiles business. The segment caters to the marketing and distribution of building materials through the Company's wholly-owned subsidiary, Brilloca Limited.

With decades of expertise and consumer research, we are pioneers in the sanitaryware space. We understand that a bathroom reflects one's lifestyle and taste, and we help our consumers in creating unforgettable bathroom experiences.

Our varied product portfolio, spread across segments and price points, combined with our marketing muscle, our distribution strength and our dealer relationships are the key pivots of our growth. Our recent foray into premium and super-premium tiles have enabled us to become a more comprehensive bathroom solutions provider and reinforced our leadership in the industry.



**Entered a new category of super-premium and premium tiles under brand 'NEOM'**

9. Source: CBRE Research 2019; Ministry of Statistics & Programme Implementation; and other research reports

## KEY HIGHLIGHTS FY 2019-20



### Sanitaryware and faucets

- › Expanded product offering to include 53 new sanitaryware and 144 new faucet SKUs, including two new intelligent wall mounted water closets - 'E-Clenz' and 'Cora Vortex', two new collections of premium faucets 'Starc' and 'Element Deco' and the Queo 'F Misura' collection. These smart products provide comfort and hygiene to the user
- › Continue to be one of the largest and widest retail networks in the bathware space, with 410+ Hindware stores, 55 Queo stores and six Lacasa experiential centres
- › Launched the newest Lacasa concept store in the heart of Delhi, housing a range of luxury and premium sanitaryware, bath fittings and premium and super-premium tiles, to offer an unparalleled experience to discerning consumers. This store helped the Company to strengthen its presence in the Indian bathware market



### Premium tiles

- › Launched NEOM, a niche and premium brand spanning glazed vitrified tiles, full body vitrified wall and floor tiles with 750 SKUs in different sizes
- › Introduced 5mm 'Super Slim' tiles in the Indian market, one of the first brands to do so. These 'Super Slim' tiles are durable, easy to fix, eco-friendly and fire resistant, with no chemical or toxic substances

### Plastic pipes and fittings

- › 1,000+ SKUs offered in FY 2019-20

## STRATEGIC ROADMAP

The business is well aligned to our strategy of offering a 360-degree sanitaryware, faucets, plastic pipes and fittings, tiles and wellness solutions.

Understanding consumers' evolving wants and needs and the trends impacting these is critical. Therefore, we have tailor-made our portfolio of brands according to consumption habits, local contexts and the growth potential across the country.

We have launched brands and products which offers a unique and comprehensive value proposition that responds to new consumer trends and expectations. By creating strong consumer connections, we have attained profitability and potential for our brands.

We are focused on expanding our presence in emerging cities and maintaining a strong position in the existing ones. Our innovative products have helped the Company to attract more customers and maintain market share over the decades. We are investing in product design and aesthetics while streamlining our dealer and distribution network and building effective marketing strategies. We are targeting young brand-conscious consumers, leveraging innovation and technology.

We are working closely with the influencer community, such as architects, builders, real estate players, channel partners, to generate demand and are stepping up our brand experience through premium, state-of-the-art stores and a network of exclusive retailers across the country. To continue to build on the momentum, we plan to launch more Lacasa concept experience centres, while renovating existing brand stores.

## DIVISION-WISE PERFORMANCE

(in ₹ crore)

Particulars	2018-19	2019-20
<b>CONSUMER PRODUCTS</b>		
Revenue from operations	305.63	361.58
EBIT	(3.98)	5.76
<b>RETAIL</b>		
Revenue from operations	93.73	90.67
EBIT	(14.02)	(14.96)
<b>BUILDING PRODUCTS</b>		
Revenue from operations	1,271.51	1,160.88
EBIT	133.97	76.75

## | Human resource



A strong workforce comprising more than 1,450 people represents the backbone of Somany Home Innovation Limited. We are creating a trusting, respectful and inclusive culture that encourages collaboration and critical thinking. We are embracing a diverse range of talent to reflect the multiplicity in the consumer profiles in the markets we serve.

Since the inception of the Company, we have made meaningful progress to ensure we give people the opportunity to realise their potential. Internal communications were accorded high priority as we set out to articulate our new brand promise. We strengthened routine processes and implemented a comprehensive policy framework.

Leadership interventions across the organisation brought our strategy to life, while a range of campaigns were deployed to engage with employees to

understand their changing needs and expectations. Such forms of dialogue have been key to aligning collective efforts to improve our performance and create an open, collaborative workspace.

Further, we sought to promote inclusion, gender balance and equality throughout the Company. We focused on ensuring that young talent is nurtured and mentored continuously, and that rewards and recognition are commensurate with performance.

We want our people to be engaged and motivated, so that they are passionate about our values and our purpose and they can deliver their best as advocates of our Company and the brands. Across Somany Home Innovation Limited and its businesses, we are investing in being an employer of choice for both current and prospective employees. We are building the future of the Company on the solid foundation of mutual trust, responsibility and accountability.



### **Celebrating the spirit of collaboration and innovation**

The annual conference of the Consumer Products Division, centred on 'The World of Opportunities', witnessed the coming together of the complete team to applaud successes and chart a fresh roadmap for growth. Every employee of the division was part of

this much-anticipated event held in Goa, and they shared their insights on the Division and the journey. The conference served as a platform for team building, encouraged employees to engage with one another, uninhibited by the notion of hierarchy or seniority, and garnering novel ideas for a better company.

## **COVID-19 impact on business**

The outbreak of COVID-19 pandemic has caused global widespread economic disruptions leaving uncertainties with respect to severity and its impact on businesses, which currently cannot be reasonably ascertained. The Group has up to the date of approval of financial statements, evaluated and factored in to the extent possible likely material events and circumstances arising from COVID-19 pandemic and their impact on carrying value of its Assets & Liabilities as at 31 March 2020. Based on current indicators of future economic conditions, the Group expects to recover carrying amount of its Assets as on 31 March 2020. The impact of

any future events and developments emerging out of COVID-19 pandemic, if any, and occurring after the balance sheet date and relating to the Assets & Liabilities of the Group as on 31 March 2020 will be recognised prospectively. Considering current market scenario and group's quality product portfolio, brand image, long-standing relationships and goodwill with its customers, suppliers and other stakeholders, the Group expects that the business operations, cash flows, future revenue, assets and liabilities will sustain going forward in long term.

Note: Somany Home Innovation Limited and its subsidiaries are together referred to as 'the Group'.

## Prudent risk mitigation practices

Risks and uncertainties are an everyday reality that any business enterprise must navigate to create and retain value for all stakeholders. At Somany Home Innovation Limited, we have evolved a structured approach to risk management, and our Board continues to provide guidance and course-correction strategies to strengthen risk mapping and consequent mitigation measures.

Our approach to risk management is simple and practical. The Audit Committee, under delegated authority from the Board, is accountable for overseeing the effectiveness of our risk management process, including the identification of principal risks facing the Company.

### KEY DIMENSIONS

- › Risks are consistently identified, measured and reported against a set criteria considering the likelihood of occurrence and potential impact to the Company.
- › In compiling the Company's risk profile, an assessment is made of changes in the external environment, strategy, core operations and engagement with internal/external stakeholders. This also includes consideration of emerging risks.

- › The output from the above process is subject to periodic review by the Audit Committee ahead of final review and approval by the Board.
- › The Directors' assessment of the long-term viability of the Company is also reviewed annually, mindful of the principal risks faced.

### PRINCIPAL RISKS AND UNCERTAINTIES

Our risk management framework is structured around three main risk categories: external risks, which may occur in the environment in which we operate; financial risks, which impact the Company's ability to meet its target or achieve its financial goals; and operational risks, which are related to internal activity, linked to our own operations and internal controls. The framework identifies and assesses these risks, monitors the effectiveness and efficiency of the risk mitigation and control measures.

Here, we report the principal risks, which we believe are likely to have the greatest current or near-term impact on our business.

### EXTERNAL RISKS

Nature	Impact	Mitigation
 <p>Economic, political and market conditions</p>	Volatility in India's macroeconomic indicators, adverse movement in global market forces and geopolitical events can have a material consequence on the business. Slowdown in the real estate sector that adversely impact housing demand will impair our growth outlook.	Urbanisation, consumer aspirations, digitalisation and favourable demographics are expected to propel the economy for the coming decade. Further, our business diversification into different segments has ensured that there is no overdependence on any one sector, safeguarding us from sudden industry downturns.
 <p>Competition</p>	The industry, in which we are operating, is highly and increasingly competitive and may be materially affected by competitive pricing and other factors. This could lead to price erosion, impacting profitability in the short to medium term.	We monitor the business environment and react appropriately. Our trusted brands, innovative products, wide distribution network and a loyal consumer base provide us an edge over our peers.
 <p>Consumer preferences</p>	Failure to recognise and respond to emerging consumer trends, along with dependence on any consumer demographic could directly impact the profitability of our operations.	Our consumer profile spans multiple industries, comprising long-term relationships with institutional and retail clients. We continuously review our product portfolio and launch new products in response to changing consumer requirements.

## FINANCIAL RISKS

Nature	Impact	Mitigation
 Credit arrangement	One of the main financial risks is the availability of short- and long-term working capital to meet business needs at a reasonable interest rate. Our inability to meet the liquidity requirement or obtain and/or maintain sufficient cash flow and other sources of funding at a reasonable interest rate, could adversely affect our operations.	We endeavour to improve our working capital requirements through the optimisation of inventory and receivables cycle and extension of our payables cycle. We are taking cautious steps to ensure that short-term and long-term debt are readily available to the Company at competitive costs and increase the maturity of proposed debts.
 Currency fluctuations	Changes in exchange rates give rise to transactional exposures, on account of increased expenditure on procurement and import.	We constantly review our currency related exposures and use a mix of hedging and other instruments to limit transactional impact.
 Credit rating	Any downgrade in the credit ratings can affect the ability of our business to raise additional financing at attractive interest rates.	Timely servicing of debt obligation, track record of good relations with banks, undrawn working capital limit and regular discussions with lenders and rating agencies help us to build confidence in the Company.
 Legal non-compliance	Inadvertent non-compliance, by the Company or related third parties, with applicable laws and regulations that exist across our markets can result in significant damage to the brand and draw significant financial penalties.	We adhere to the highest standards of corporate governance, business ethics and anti-corruption. We actively engage with governments, administrations and regulatory bodies, with the aim of informing our policies and decision-making processes.

## OPERATIONAL RISKS

Nature	Impact	Mitigation
 Business continuity	A major incident or catastrophic event like the global coronavirus outbreak could impact our everyday operations. The nationwide shutdown, owing to the outbreak, has disrupted our supply chain and impacted sales adversely.	We have detailed plans in place, supported by senior representatives who are trained in dealing with major incidents and have the authority to make decisions in the event of a potentially disruptive incident. We are closely monitoring the coronavirus outbreak and calibrating our response to the evolving situation.
 Product integrity and quality	Inability to manage the integrity of our products throughout the supply chain, or to retain the quality of our products over time will have material impact on our long-term growth.	We employ quality control specialists and implement requisite policies to ensure that consistent high standards are maintained in our operations, in sourcing and handling of products.
 Obsolescence	A process, product, or technology used by the Company may become obsolete and decrease the brand's competitive differentiation in the market.	We regularly review our line-up of product portfolio, undertake market research to track market trends, make use of IoT and strive to introduce innovative products to meet the demands of customers.

Nature	Impact	Mitigation
 Dependence on suppliers	Our inability to obtain or procure our products from our suppliers and vendors in a timely and cost-efficient manner could adversely affect our operations.	Our suppliers are essential to our successful operation. We therefore work closely with them to ensure reliability of supply and business continuity.
 Human resources	Inability to attract, retain and develop the right people and skills can jeopardise the delivery of our strategy.	Fostering a dynamic and inclusive culture where all employees feel engaged, motivated and empowered, across every part of the organisation.
 Operating efficiency	The operational efficiency of the logistics network, stores and support units determine the operating performance of existing and new stores, and our overall profit margins.	We ensure an optimal level of management on key business processes across retail formats. We closely monitor our logistics network to improve, automate and review processes on an ongoing basis. The Company will now focus on franchise retail and online portal model in our Retail division.
 Channel mix	Concentration of retailers and independent wholesalers on whom we depend to distribute our products can come under pressure as consumers alter purchase habits.	We are diversifying our channels and ramping up our play in the digital space.
 Brand legacy	As our consumers continue to engage with the brand through electronic, print and social media, misleading perceptions of the Company could potentially lead to a slowdown in sales.	Protecting the brand and its decades-rich reputation is at the heart of everything we do. Our brand communication strategies are designed to optimise our communication channel, both digital and traditional, to ensure that our brand messages reach our target consumers.
 Cyber security	Our operating model and scale of business depend on the capabilities of our IT systems.	Our IT development roadmap is integrated into the overall business operating plan, which adheres to good governance practices with close monitoring, accelerated fault rectification and maximum cyber security and data protection.

**INTERNAL CONTROLS**

The organisation is committed to ensuring an effective internal control environment that provides inter alia an assurance on the orderly and efficient conduct of operations, security of assets, prevention and detection of frauds and errors, accurate and timely completion of accounting records and timely preparation of reliable financial information. Internal control systems have accordingly been designed to reflect its necessary concomitance to the principle of governance.

The Audit Committee of the Board of Directors, comprising Independent Directors, reviews the effectiveness of the internal control system across the Company, including annual plan, significant audit findings, adequacy of internal controls and compliance with accounting policies and regulations.

**INTERNAL FINANCIAL CONTROLS**

In line with best practices applicable to organisations of a similar size, nature and complexity, the Company's internal control framework has been designed with reference to financial statements. This defined and adequate Internal Financial Controls are tested from time to time for necessary improvement.

**RISK MANAGEMENT**

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

## Change in Key Financial Ratios

Particulars	Standalone			Consolidated		
	2018-19	2019-20	Change over previous year %	2018-19	2019-20	Change over previous year %
<b>(i) Debtors Turnover (days)</b>	81	95	17%	79	82	4%
1. Trade Receivables/Sale of goods*365						
2. Trade Receivables includes the amount of Goods & Service Tax.						
<b>(ii) Inventory Turnover (days)</b>	100	109	9%	62	71	15%
Inventories/Sale of goods*365						
<b>(iii) Interest Coverage Ratio (times)</b>	(1.80)	2.86	259%	4.67	3.38	(28%)
EBITDA/Finance cost						
<b>Reason for changes in Interest Coverage ratio:</b>	Improved due to increase in EBITDA including other income			Reduced due to decrease in EBITDA		
<b>(iv) Current Ratio (times)</b>	1.20	1.11	(8%)	1.29	1.31	2%
Total Current assets/Total current liabilities (including Short Term borrowings and Current maturities of long term borrowings)						
<b>(v) Total Debts to Equity Ratio (times)</b>	1.46	1.53	5%	1.29	1.30	1%
(Non-current borrowings including Current maturities of long term borrowings + Current Borrowings + Trade Deposits)/Net worth*)						
*Net worth = Equity Share Capital + Other Equity + Share Capital Suspense Account						
<b>(vi) Operating Profit Margin (%)</b>	(3.76)	8.35	322%	8.14	7.05	(13%)
EBITDA/Sale of goods						
Reason for changes in Operating Profit Margin:	Improved due to increase in EBITDA including other income			Reduced due to decrease in EBITDA		
<b>(vii) Net Profit Margin (%)</b>	(4.78)	1.96	141%	3.34	1.45	(57%)
Profit for the year/Sale of goods						
<b>Reason for changes in Net Profit Margin:</b>	Improved due to increase in Profit for the year including other income			Reduced due to decrease in Profit for the year		

**Note: We have incorporated the reasons for changes, where ever significant changes in key financial ratios are 25% or more compared to the previous financial year.**

### Details of any change in Return on Net Worth

<b>Return on Net Worth (%)</b>	(22.83)	9.65	142%	21.31	8.43	(60%)
Profit for the year/Net worth*						
<b>Reason for changes in Return on Net Worth:</b>	Improved due to increase in Profit for the year including other income			Reduced due to decrease in Profit for the year		
*Net worth = Equity Share Capital + Other Equity + Share Capital Suspense Account						

### CAUTIONARY STATEMENT

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

## DIRECTORS' REPORT

### DEAR MEMBERS,

Your Directors are pleased to present the Third Annual Report and the Company's audited financial statements for the financial year ended 31 March 2020.

### FINANCIAL RESULTS

The Company's financial performance, for the year ended 31 March 2020 is summarised below:

(₹ in lakh)

Particulars	Standalone		Consolidated	
	2019-20	2018-19 <sup>#</sup>	2019-20	2018-19
Revenue from Operations	45,143.92	39,663.70	1,61,312.45	1,67,087.42
Add: Other Income	2,906.07	43.73	2,431.40	896.49
<b>Total Income</b>	<b>48,049.99</b>	<b>39,707.43</b>	<b>1,63,743.85</b>	<b>1,67,983.91</b>
<b>Profit before tax</b>	<b>254.14</b>	<b>(2,859.27)</b>	<b>3,316.60</b>	<b>8,481.40</b>
Less: Tax expenses	(624.13)	(980.10)	1,005.67	3,011.72
<b>Profit after tax (i)</b>	<b>878.27</b>	<b>(1,879.17)</b>	<b>2,310.93</b>	<b>5,469.68</b>
Other Comprehensive Income (net of tax)	(5.70)	17.19	(37.78)	100.44
<b>Total Comprehensive Income</b>	<b>872.57</b>	<b>(1,861.98)</b>	<b>2,273.15</b>	<b>5,570.12</b>
Add: balance brought forward (ii)	2,304.73	(5.03)	14,367.90	(6.25)
Transferred pursuant to Scheme of arrangement (iii)	-	4,188.93	-	8,904.47
<b>Amount available for appropriation [(i)+(ii)+(iii)]</b>	<b>3,183.00</b>	<b>2,304.73</b>	<b>16,678.83</b>	<b>14,367.90</b>
<b>APPROPRIATIONS:</b>				
Dividend paid on equity shares	-	-	-*	-
Tax on Dividend paid	-	-	(513.88)	-
<b>Balance carried forward</b>	<b>3,183.00</b>	<b>2,304.73</b>	<b>16,164.95</b>	<b>14,367.90</b>

<sup>#</sup>Note on restated financials: The Board of Directors of the Somy Home Innovation Limited ("Company"/"SHIL") 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 provided 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 was approved by the Hon'ble Kolkata Bench of National Company Law Tribunal vide its order dated 26 June 2019, certified copy of the order dated 22 July 2019 was filed with Registrar of Companies, West Bengal on 5 August 2019 and accordingly the Scheme came into effect. The Scheme was effective from the Appointed Date i.e. 1 April 2018. The Ind AS financial statements of the Company for the year ended 31 March 2019 were approved by shareholders in its Annual General Meeting held on 2 September 2019 and subsequently to give effect of the Scheme, the comparative financial statements for the year ended 31 March 2019 have been restated. The effects of the Scheme has been incorporated in this restated Financial statements for the year ended 31 March 2019.

\*Our wholly owned subsidiary, Brilloca Limited has paid interim dividend of ₹2,500 lakh in FY 2019-20. The same has been eliminated for Consolidation purpose.

### OPERATIONAL REVIEW

On consolidated basis, revenue from operations for FY 2019-20 was ₹1,61,312.45 lakh as compared to ₹1,67,087.42 lakh in FY 2018-19. Earnings before interest, tax, depreciation and amortisation ("EBITDA") was ₹11,247.35 lakh as compared to EBITDA of ₹13,317.60 lakh in FY 2018-19. Profit after tax ("PAT") for the year was ₹2,310.93 lakh (FY 2018-19 : ₹5,469.68 lakh).

#### A. CONSUMER PRODUCTS BUSINESS (CPD)

The CPD revenue from operations stood at ₹36,157.95 lakh in FY 2019-20 as against ₹30,562.96 lakh in FY 2018-19 resulting in a growth of 18%. The business achieved EBIT of ₹576.19 lakh as compared to previous year EBIT Loss of ₹397.99 lakh. The division posted sizeable growth during the year under review and the highlights spanned a series of innovative developments, including

- › Entered the ceiling fans business, leveraging the 'Hindware Snowcrest' brand
- › Forayed into Furniture and kitchen hardware fittings under brand FGV powered by Hindware
- › Launched a range of IoT-enabled, smart and cutting-edge products, including the RO+UV water purifier, Achelous Premium iPro; the Optimus iPro chimney with MaXX Silence technology and the Hindware Atlantic Ondeo Evo iPro water heater
- › Introduced the Titania Chimney range with breakthrough MaXX Autoclean technology
- › Our focused approach to R&D helps infuse varying degrees of novelty in our products. As a result, as on 31 March 2020, we have applied for over 21 patents since inception of the Consumer Products Business

**B. RETAIL BUSINESS (RETAIL)**

The RETAIL revenue from operations stood at ₹9,067.00 lakh in FY 2019-20 as compared to ₹9,373.38 lakh in FY 2018-19. The business has EBIT loss of ₹1,495.66 lakh as compared to previous year EBIT Loss of ₹1,401.51 lakh. Key steps to be undertaken in FY 2020-21 by the division include:

- › Shut eight out of its ten retail furniture stores as on 31 March 2020, under brand 'EVOK' to reduce the fixed and operating costs. For future growth, division will focus on franchise store & E-commerce model

**C. BUILDING PRODUCTS BUSINESS (BPD)**

The BPD revenue from operations stood at ₹1,16,087.50 lakh in FY 2019-20 as against ₹1,27,151.08 lakh in FY 2018-19. The business posted EBIT of ₹7,675.48 lakh as against EBIT of ₹13,397.46 lakh in FY 2018-19. The key initiatives of the division for the year are:-

**Sanitaryware and Faucet Business**

- › Expanded product offering to include 53 new sanitary ware and 144 new faucet SKUs
- › Launched the newest Lacasa concept store in the heart of Delhi to strengthen its presence in the Indian bath ware market

**Pipes Business**

- › Expanded the offering by adding 100 plus SKU's taking total to 1,000 + SKU's
- › Network expanded to 200 plus distributors pan India
- › Connected with 1,00,000 plus plumbers across India through various formal and informal programs. Also in partnership with Indian Plumbing Skills Council (IPSC), we trained approx 18,000 plumbers under PMKVY (Pradhan Mantri Kaushal Vikas Yojna)

**Premium and Super Premium Tiles Business**

- › Launched NEOM, a niche and premium brand spanning glazed vitrified tiles, full body vitrified wall and floor tiles with 750 SKUs in different sizes

**SCHEME OF ARRANGEMENT**

During the year under review, the Hon'ble NCLT, Kolkata Bench approved the Composite Scheme of Arrangement between HSIL Limited, Company and Brilloca Limited (Brilloca) and their respective shareholders and creditors pursuant to the provisions of the Companies Act, 2013 (Scheme of Demerger) on 26 June 2019. The said Scheme was made effective on 5 August 2019 (w.e.f. the Appointed Date i.e. 1 April 2018 as per the

Scheme). Accordingly, Consumer Products Distribution and Marketing Undertaking and Retail Undertaking (as defined in the Scheme) were transferred to the Company and Building Products Distribution and Marketing Undertaking was transferred to Brilloca Limited.

**LISTING OF COMPANY ON STOCK EXCHANGES**

The equity shares of the Company got listed on National Stock Exchange of India Limited and BSE Limited on 26 December 2019.

**MATERIAL CHANGES AND COMMITMENTS**

The outbreak of COVID-19 Pandemic has caused global widespread economic disruptions leaving uncertainties with respect to severity & its impact on businesses, which currently cannot be reasonably ascertained.

The Company has up to the date of approval of financial statements, evaluated and factored in to the extent possible likely material events & circumstances arising from COVID-19 Pandemic and their impact on carrying value of its Assets & Liabilities as at 31 March 2020. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of its Assets as on 31 March 2020. The impact of any future events & developments emerging out of COVID-19 Pandemic, if any, and occurring after the balance sheet date and relating to the Assets & Liabilities of the Company as on 31 March 2020 will be recognised prospectively.

Considering the Company's quality product portfolio, brand image, long-standing relationships & goodwill with its customers, suppliers & other stakeholders, the business operations, cash flows, future revenue, assets and liabilities will sustain going forward.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

Pursuant to the Order dated 26 June 2019 of Hon'ble NCLT, Kolkata Bench approving the Scheme of Demerger, the investment held by HSIL Limited in the Company was cancelled and the Company ceased to be a subsidiary Company of HSIL Limited.

Whereas, Hindware Home Retail Private Limited and Brilloca Limited have become the wholly owned subsidiaries of the Company and Luxxis Heating Solutions Private Limited has become the subsidiary of the Company w.e.f. 5 August 2019. Further, the Foreign Companies namely Halis International Ltd., Alchemy International Cooperatief U.A. (Subsidiary of Halis International Ltd.), Haas International B.V. (Subsidiary of Alchemy International Cooperatief U.A. and QUEO Bathroom Innovations Limited (Subsidiary of HAAS International B.V) have become the wholly owned subsidiaries of Brilloca Limited and have subsequently become the step down subsidiaries of the Company.

During the year under review Hintastica Private Limited was incorporated on 14 November 2019 in India as a wholly owned subsidiary of the Company.

The Company has Brillloca Limited as its material subsidiary in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on Company's website <http://www.shilgroup.com>. These documents will also be available for inspection in the investors section of our website.

The Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link: <http://www.shilgroup.com/pdf/Policy-on-Material-Subsidiaries.pdf>

## SHARE CAPITAL

During the year under review, the Company issued and allotted 7,22,96,395 equity shares of ₹2/- each of the Company to the shareholders of HSIL Limited pursuant to the Scheme of Demerger. Accordingly, the paid-up Equity Share Capital of the Company as on 31 March 2020 was ₹1,445.93 lakh.

## DIVIDEND

Your Directors have recommended a dividend of ₹0.15 on every share of ₹2/- each for the financial year ended 31 March 2020, absorbing ₹108.44 lakh. The dividend payout is subject to approval of members at the ensuing Annual General Meeting of the Company.

The dividend will be paid to those members, in respect of shares held in dematerialised form, whose names appear in the Register of Beneficial Owners as on 25 August 2020 as furnished by National Securities Depository Limited and Central Depository Services (India) Limited and in the case of physical shares, if any.

## TRANSFER TO RESERVES

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

## DEPOSITS

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

## AUDITORS AND AUDITORS' REPORTS

### Statutory Auditors

At the 1st Annual General Meeting of the Company held on 6 September 2018 the shareholders approved the appointment of M/s. Lodha & Co., Chartered Accountants, as statutory auditors of the Company having Firm's Registration No. 301051E to hold the office till the conclusion of the 6th Annual General Meeting of the Company subject to ratification of the appointment by the shareholders, at every Annual General Meeting. As per the notification issued by Ministry of Corporate Affairs (MCA) dated 7 May 2018 for the Companies (Amendment) Act, 2017 and Companies (Audit and Auditors) Amendment Rules, 2018, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting, therefore no resolution for such ratification is taken in the Notice of the ensuing AGM.

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

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/or Board under Section 143(12) of the Companies Act, 2013 and the rules made thereunder.

### Secretarial Auditor

The Board had appointed M/s. DMK Associates, Company Secretaries, New Delhi, (Ms. Monika Kohli, Practising Company Secretary CP No.4936) to conduct Secretarial Audit for the financial year 2019-20, pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report in Form No. MR - 3 for the financial year 2019-20 is enclosed as Annexure A to this Report. The Secretarial Audit Report does not contain any observation or adverse remark.

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

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

**EXTRACT OF ANNUAL RETURN**

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

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) in the preparation of the annual accounts for the year ended 31 March 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, had been followed and there are no material departures from the same;
- b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2020 and of the profit of the Company for the year ended on that date;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a 'going concern' basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**CORPORATE GOVERNANCE**

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

**CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The disclosure in Form No. AOC-2 is enclosed as Annexure D to this report.

During the year, the Company entered into Related Party Transactions with HSIL Limited (a related party), which exceeded the limit prescribed under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and was considered material in accordance with the policy of the Company on materiality of related party transactions. The aforesaid transactions were approved by shareholders of the Company through Postal Ballot by way of an ordinary resolution on 26 March 2020.

The policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.shilgroup.com/pdf/Policy-for-determining-materiality-of-events.pdf>. Your Directors draw attention of the members to Note no. 44 to the financial statements which set out related party disclosures.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

During the year under review, the provisions of Section 135 of the Companies Act, 2013 pertaining to Corporate Social Responsibility (CSR) were not applicable to the Company.

**DISCLOSURE UNDER SECRETARIAL STANDARDS**

The Directors state that the Company is complying with all the applicable Secretarial Standards on meetings of the Board of Directors.

**NUMBER OF BOARD MEETINGS**

During the year under review, 10 Board Meetings were convened and held. For further details, please refer to the Report on Corporate Governance which is forming part of this Annual Report.

**AUDIT COMMITTEE**

The Audit Committee comprises of Independent Directors namely Mr. Salil Kumar Bhandari (Chairman), Mr. N. G. Khaitan, Mr. Ashok Jaipuria, Ms. Anisha Motwani and a Non-Independent Director Mr. Sandip Somany as members of the Committee. For further details, please refer to the Report on Corporate Governance which is forming part of this Annual Report.

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

**VIGIL MECHANISM (WHISTLE BLOWER)**

The Company has in place a Whistle Blower Policy to establish a vigil mechanism for Directors/Employees and other stakeholders of the Company to report concerns affecting the smooth and efficient running of operations of the Company. This Policy documents the Company's

commitment to maintain an open work environment in which employees, consultants and contractors are able to report instances of unethical or undesirable conduct, actual, suspected fraud or violation of the Company's Code of Conduct.

The Vigil Mechanism (Whistle Blower) Policy is available on Company's website at the link: <http://www.shilgroup.com/vigil-mechanism.php>

#### **NOMINATION AND REMUNERATION POLICY**

The Company has in place a Nomination and Remuneration Policy for appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Remuneration Policy is available on Company's website at the link: <http://www.shilgroup.com/pdf/Nomination-and-Remuneration-Policy.pdf>

#### **DIVIDEND DISTRIBUTION POLICY**

The Company has in place a Dividend Distribution Policy as per Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy was adopted to set out the parameters that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining profit earned by the Company. The Policy is available on Company's website at <http://www.shilgroup.com/pdf/Dividend-Distribution-Policy.pdf>

#### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the Financial Statements (Please refer Note Nos. 6, 7, 13 and 50).

#### **PARTICULARS OF EMPLOYEES**

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

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

#### **INTERNAL CONTROLS**

The organisation is committed to ensuring an effective internal control environment that provides, inter alia, an assurance on the orderly and efficient conduct of operations, security of assets, prevention and detection of frauds and errors, accurate and timely completion of accounting records and timely preparation of reliable financial information. Internal control systems have accordingly been designed to reflect its necessary concomitance to the principle of governance.

The Audit Committee of the Board of Directors, comprising of majority of Independent Directors, reviews the effectiveness of the internal control system across the Company including annual plan, significant audit findings, adequacy of internal controls and compliance with accounting policies and regulations.

#### **INTERNAL FINANCIAL CONTROLS**

In line with best practices applicable to organisations of a similar size, nature and complexity, the Company's internal control framework has been designed with reference to financial statements. This defined and adequate Internal Financial Controls are tested from time to time for necessary improvement.

#### **RISK MANAGEMENT**

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

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

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

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

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Sandip Somany, Non-Executive Chairman of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment.

During the year under review, Mr. N. G. Khaitan, Mr. Salil Kumar Bhandari and Mr. Ashok Jaipuria were appointed as Additional Directors designated as Independent Directors on 14 September 2019. Mr. Rakesh Kaul was appointed as Additional Director designated as Whole-time Director & CEO on 17 September 2019. Mr. Girdhari Lal Sultania and Mr. Niranjana Kumar Goenka resigned as Directors of the Company on 17 September 2019.

Further, Ms. Anisha Motwani was appointed as Additional Director designated as Independent Director on 11 February 2020. The appointed Additional Directors hold office upto the conclusion of ensuing Annual General Meeting ("AGM") of the Company and are due for appointment as Directors for their respective terms. The Notice of the ensuing AGM proposes resolutions for appointment of aforesaid Additional Directors on the Board of Directors of the Company and forms part of the Annual Report.

Ms. Sumita Somany was appointed as Non-Executive Non-Independent Director on 14 September 2019 and resigned from the office of Director on 11 March 2020.

In accordance with the provisions of section 203 of the Companies Act, 2013, Mr. Naveen Malik was appointed as Chief Financial Officer and Ms. Payal M. Puri was appointed as Company Secretary on 17 September 2019, who shall be the Whole-time Key Managerial Personnel of the Company along with Mr. Rakesh Kaul who is the Whole-Time Director and CEO of the Company.

#### DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 ("Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and the Listing Regulations and are independent of the management.

#### BOARD EVALUATION

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria and framework adopted by the Board. In addition, the performance of Board as a whole and Committees were evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria.

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

#### TRAINING OF INDEPENDENT DIRECTORS

The details of programmes conducted for familiarisation of Independent Directors with the Company, nature of the industry in which the Company operates, business model of the Company etc. has been uploaded on the Company's website at the web link : <http://www.shilgroup.com/training-of-directors.php>

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

#### GENERAL

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

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. Issue of Employees Stock Option to employees of the Company under any scheme.
5. The Managing Directors/Whole-time Directors of the Company do not receive any remuneration or commission from any of its subsidiaries.
6. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future other than the order passed by Hon'ble NCLT, Kolkata Bench for approving the Composite Scheme of Arrangement between HSIL Limited, Somany Home Innovation Limited and Brilloca Limited and their respective Shareholders and Creditors.

#### ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Place: Gurugram  
Date: 23 June 2020

**Sandip Somany**  
Chairman

## ANNEXURE A

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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

TO,

THE MEMBERS,  
M/S SOMANY HOME INNOVATION LIMITED  
CIN:L74999WB2017PLC222970  
2, Red Cross Place,  
Kolkata, West Bengal - 700001

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2020 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter along with **Annexure 1** attached to this report:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2020 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB); **(No FDI and ECB were taken and no ODI was given by the Company during the Audit Period)**
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period);**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act 2013, and dealing with client **(Not applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the Audit Period);**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)** and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period).**
- VI. OTHER LAWS SPECIFICALLY APPLICABLE TO THE COMPANY AS IDENTIFIED BY THE MANAGEMENT
1. BEE - Bureau of Energy Efficiency
  2. BIS - Bureau of Indian Standards

3. The Public Performance License of Copyright Music (Sound Recording) issued by Phonographic Performance Limited

We have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards on meeting of Board of Directors (SS-1) and on General Meeting (SS-2) issued by the Institute of Company Secretaries of India.
- b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and the Listing Agreement entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, and Guidelines to the extent applicable, Standards, etc. as mentioned above.

Based on the information received and records maintained, we further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive, Women and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice of at least seven days was given to all Directors to schedule the Board Meetings along with agenda and detailed notes on agenda and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting in compliance of the Act except few board meetings which were held at shorter notice in compliance of the Act.
3. Majority decision is carried through and recorded in the minutes of the meetings. Further as informed and verified from minutes, no dissent was given by any Director in respect of the resolutions passed in the board and the committee meetings.

We further report that during the audit period the company has undertaken the following event/action which may be construed as major in pursuance of above referred laws, rules, regulations, guidelines, standards etc.:

1. The Composite Scheme of Arrangement pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, between the Company ("Resulting Company 1"), Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("Resulting Company 2") and HSIL Limited and their respective shareholders and creditors ("Scheme"), on-a going concern basis, has been approved by the National Company Law Tribunal, Kolkata Bench, the certified copy of which was received by the Company on 24 July 2019 and the said order was filed by the Company with the Registrar of Companies, West Bengal in Form No. INC-28 on 5 August 2019.
2. Pursuant to Composite Scheme of Arrangement between the Company, HSIL Limited ("HSIL"), Brilloca Limited ("Brilloca") and their respective Shareholders and Creditors ("Scheme") as approved by the Hon'ble National Company Law Tribunal, Kolkata Bench ("NCLT"), the Company has issued and allotted 7,22,96,395 fully paid up equity shares of face value of ₹ 2/- each to the shareholders of HSIL Limited in the ratio of 1:1 on 23 August 2019.
3. In terms of the Scheme and post it has become effective from the Appointed Date i.e. 1 April 2018, all the subsidiaries of HSIL Limited stands transferred to the Company.
4. Pursuant to the Composite Scheme of Arrangement, the Demerged Undertakings – CPDM Undertaking (as defined in the Scheme) and the Retail Undertaking (as defined in the Scheme) of HSIL Limited shall stand demerged and transferred and be vested in the Company on a going concern basis from the Appointed Date i.e. 1 April 2018.
5. Pursuant to the Scheme of Arrangement and in principle approval granted by BSE dated 13 December 2019 and NSE dated 11 October 2019, Company made an application along with Information Memorandum for listing of its equity shares and BSE vide its Notice dated 20 December 2019 and NSE vide its Notice dated 23 December 2019 has admitted and approved the Listing of above mentioned equity shares w.e.f. 26 December 2019.

**For DMK ASSOCIATES**  
COMPANY SECRETARIES

**(MONIKA KOHLI)**  
B. Com (H), FCS, LL.B. I.P.  
PARTNER

Date : 20 June 2020

Place : New Delhi

FCS 5480, C P 4936

UDIN : F005480B000361132

**ANNEXURE 1**

To

THE MEMBERS,  
M/S SOMANY HOME INNOVATION LIMITED  
CIN:L74999WB2017PLC222970  
2, Red Cross Place,  
Kolkata, West Bengal - 700001

**Sub: Our Secretarial Audit for the Financial Year ended 31 March 2020 of even date is to be read along with this letter**

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices, we followed provide a reasonable basis of our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. As per the information provided by the Company, there are certain disputes/cases filed by or against the Company, which are currently lying pending with the various Courts. However as informed these cases have no major impact on the Company.
8. Due to the outbreak of Covid-19 and Nationwide Lockdown, we had verified the physical documents to the extent possible, however the Company has made available the documents/information electronically which we could not verify physically.

**For DMK ASSOCIATES**  
COMPANY SECRETARIES

**(MONIKA KOHLI)**

B. Com (H), FCS, LL.B. I.P.  
PARTNER

FCS 5480, C P 4936

UDIN : F005480B000361132

Date : 20 June 2020

Place : New Delhi

## ANNEXURE-B

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

### (A) CONSERVATION OF ENERGY

#### (i) The steps taken or impact on conservation of energy

We have developed a patented "Varycool" technology for Air coolers where the consumers can control the cooling intensity as per their needs. By virtue of this feature, the cooler may not consume water all the time and will only be limited for the period when the consumer wants. This ends up in saving lots of water and electrical energy.

At the same time, we also focus on usage of runner-less plastic injection moulds which reduces polymer waste and lowers cycle times thus reducing energy consumptions.

#### (ii) The steps taken by the Company for utilising alternate sources of energy

Not Applicable

#### (iii) The capital investment on energy conservation equipments:

S. No.	Capital Equipment	Capital investments on energy conservation equipments	Energy saving/ annum (units in KWH)	Financial saving
Not Applicable				

### (B) TECHNOLOGY ABSORPTION

#### (i) The efforts made towards technology absorption

Not Applicable

#### (ii) The benefits derived like product improvement, cost reduction, product development or import substitution

Not Applicable

#### (iii) In case of imported technology (imported during last three years reckoned from the beginning of the financial year)

Details of technology imported	Technology import from	Year of import	Status of implementation/ absorption, in case fully absorbed	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof
Not Applicable				

#### (iv) Expenditure incurred on Research and Development

Particulars	(₹ in lakh)	
	2019-20	2018-19
Capital Expenditure	NA	NA
Recurring Expenditure	NA	NA
<b>Total</b>	<b>NA</b>	<b>NA</b>
<b>Total R&amp;D expenditure as a % of total revenue</b>		

#### (v) Foreign Exchange Earnings and Outgo

Particulars	(₹ in lakh)	
	2019-20	2018-19
Earning in foreign currency	-	-
Outgo of foreign currency		
- Raw Material, spare part and others	8729.37	11,073.66
- Capital Equipment	465.62	-

## ANNEXURE C

## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

as on financial year ended on 31 March 2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014

## I REGISTRATION &amp; OTHER DETAILS

i	CIN	L74999WB2017PLC222970
ii	Registration Date	28 September 2017
iii	Name of the Company	Somany Home Innovation Limited
iv	Category/Sub-category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office & Contact details	2, Red Cross Place, Kolkata - 700001, West Bengal Phone +91-33-22487407/5668
vi	Whether listed company	Yes
vii	Name, Address & Contact details of the Registrar & Transfer Agent, if any	Maheshwari Datamatics Private Limited 23, R. N. Mukherjee Road, 5th Floor, Kolkata -700 001 Phone: +91-33-2248 2248, 2243 5029 Fax: +91-33- 2248 4787 Email: mdpldc@yahoo.com

## II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company is as under:

Sl. No.	Name and description of main products/services	NIC Code of the products/services	% to total turnover of the Company
1	Consumer Products	47593, 47594 and 47599	80.09%
2	Retail	47591 and 47592	19.91%

## III PARTICULARS OF HOLDING, SUBSIDIARY &amp; ASSOCIATE COMPANIES

S. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
1	Hindware Home Retail Private Limited 2, Red Cross Place, Kolkata - 700001, West Bengal	U51109WB2005PTC106307	Subsidiary	100	2(87)
2	Brilloca Limited 2, Red Cross Place, Kolkata - 700001, West Bengal	U74999WB2017PLC223307	Subsidiary	100	2(87)
3	Hintastica Private Limited 2, Red Cross Place, Kolkata - 700001, West Bengal	U31909WB2019PTC234717	Subsidiary	100	2(87)
4	Luxxis Heating Solutions Private Limited 2, Red Cross Place, Kolkata - 700001, West Bengal	U74999WB2017PTC224015	Subsidiary	99.99	2(87)
5	Halis International Limited 4th floor, Hennessy Tower, Pope Hennessy Street, Port Louis, Mauritius	N.A	Subsidiary	100	2(87)
6	Alchemy International Cooperatief U.A (a Cooperative with exclusion of liability, incorporated and existing under the laws of Netherlands. The members of the Cooperative are : Halis International Limited with a membership right of 99.99% and Somany Home Innovation Limited with a membership right of 0.01%) Hoogoorddreef 15, 1101 BA Amsterdam, Netherlands	N.A	Subsidiary of Halis International Limited	100	2(87)
7	Haas International B.V Hoogoorddreef 15, 1101 BA, Amsterdam, Netherlands	N.A	Subsidiary of Alchemy International Cooperatief U.A	100	2(87)
8	QUEO Bathroom Innovations Limited Rodney Chambers, 40 Rodney Street, Liverpool, England, L1 9AA, UK	N.A	Subsidiary of HAAS International B.V	100	2(87)

#### IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % TO TOTAL EQUITY)

The Shareholders of HSIL Limited were allotted equity shares of Somany Home Innovation Limited in the ratio of 1:1 on 23 August 2019.

##### (i) Category-wise Shareholding

Category of Shareholders	No of Shares held at the beginning of the year [As on 01.04.2019]				No of Shares held at the end of the year [As on 31.03.2020]				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	0	0	0.00	6469719	0	6469719	8.95	8.95
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	0	500000	500000	100.00	29830068	0	29830068	41.26	(58.74)
e) Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A)(1)</b>	<b>0</b>	<b>500000</b>	<b>500000</b>	<b>100.00</b>	<b>36299787</b>	<b>0</b>	<b>36299787</b>	<b>50.21</b>	<b>(49.79)</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0	0	0	0	0.00	0.00
d) Banks/Financial Institutions	0	0	0	0	0	0	0	0.00	0.00
e) Any other	0	0	0	0	0	0	0	0.00	0.00
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>0</b>	<b>500000</b>	<b>500000</b>	<b>100.00</b>	<b>36299787</b>	<b>0</b>	<b>36299787</b>	<b>50.21</b>	<b>(49.79)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	12709483	0	12709483	17.58	17.58
b) Banks/Financial Institutions	0	0	0	0	161546	0	161546	0.22	0.22
c) Central Govt	0	0	0	0	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0.00	0.00
g) FIs	0	0	0	0	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0.00	0.00
i) Others (specify)									
Alternate Investment Funds	0	0	0	0	2858152	0	2858152	3.95	3.95
Foreign Portfolio Investors	0	0	0	0	2524584	0	2524584	3.49	3.49
Provident Funds/Pension Funds	0	0	0	0	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0	0	0	0	0.00	0.00
<b>Sub-total(B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18253765</b>	<b>0</b>	<b>18253765</b>	<b>25.25</b>	<b>25.25</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	0	0	0	0	2869514	0	2869514	3.97	3.97
ii) Overseas	0	0	0	0	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	0	0	0	0	10192258	0	10192258	14.10	14.10
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	2892782	0	2892782	4.00	4.00
c) Others (Specify)									
Non Resident Indians	0	0	0	0	1360608	0	1360608	1.88	1.88
Qualified Foreign Investor	0	0	0	0	0	0	0	0.00	0.00
Custodian of Enemy Property	0	0	0	0	0	0	0	0.00	0.00
Foreign Nationals	0	0	0	0	207	0	207	0.00	0.00
Clearing Members	0	0	0	0	62802	0	62802	0.09	0.09
Trusts	0	0	0	0	600	0	600	0.00	0.00
Foreign Bodies-D R	0	0	0	0	0	0	0	0.00	0.00
Foreign Portfolio Investors	0	0	0	0	0	0	0	0.00	0.00
NBFCs registered with RBI	0	0	0	0	120900	0	120900	0.17	0.17

Category of Shareholders	No of Shares held at the beginning of the year [As on 01.04.2019]				No of Shares held at the end of the year [As on 31.03.2020]				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Employee Trusts	0	0	0	0	0	0	0	0.00	0.00
Domestic Corporate Unclaimed Shares Account	0	0	0	0	0	0	0	0.00	0.00
Investor Education and Protection Fund Authority	0	0	0	0	243172	0	243172	0.34	0.34
<b>Sub-total(B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17742843</b>	<b>0</b>	<b>17742843</b>	<b>24.54</b>	<b>24.54</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35996608</b>	<b>0</b>	<b>35996608</b>	<b>49.79</b>	<b>49.74</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>500000*</b>	<b>500000</b>	<b>100.00</b>	<b>72296395</b>	<b>0</b>	<b>72296395</b>	<b>100.00</b>	<b>0.00</b>

\* Cancelled as per Scheme of demerger approved by NCLT, Kolkata Bench vide order dated 26 June 2019.

### (ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2019)			Shareholding at the end of the year (As on 31.03.2020)			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	HSIL Limited	500000	100.00	0.00	-	-	-	(100.00)
2	Dr. Rajendra Kumar Somany	-	-	-	3595000	4.97	0.00	4.97
3	Mr. Sandip Somany	-	-	-	2394731	3.31	0.00	3.31
4	Ms. Divya Somany	-	-	-	146912	0.20	0.00	0.20
5	Ms. Sumita Somany	-	-	-	161000	0.22	0.00	0.22
6	Mr. Shashvat Somany	-	-	-	76244	0.11	0.00	0.11
7	Somany Imprensa Limited (Formerly Paco Exports Ltd.)	-	-	-	29829968	41.26	0.00	41.26
8	Sandip Somany HUF	-	-	-	95832	0.13	0.00	0.13
9	Matterhorn Trust	-	-	-	100	0.00	0.00	0.00
	<b>Total</b>	<b>500000</b>	<b>100.00</b>	<b>0.00</b>	<b>36299787</b>	<b>50.21</b>	<b>-</b>	<b>-</b>

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>1</b>	<b>HSIL LIMITED</b>	500000	100	0	0.00
<b>2</b>	<b>DR. RAJENDRA KUMAR SOMANY</b>				
	a) At the beginning of the year	-	-	3410000	4.72
	b) Date wise increase/decrease in Promoters Share holding during the year				
	27/03/2020- 43802 Shares Purchase	-	-	3453802	4.78
	31/03/2020- 141198 Shares Purchase	-	-	3595000	4.97
	c) At the end of the year	-	-	3595000	4.97
<b>3</b>	<b>MR. SANDIP SOMANY</b>				
	a) At the beginning of the year	-	-	2283563	3.16
	b) Date wise increase/decrease in Promoters Share holding during the year				
	6/3/2020- 95832 Inter se Shares Transfer	-	-	2187731	3.03
	27/03/2020- 200000 Shares Purchase	-	-	2387731	3.30
	31/03/2020- 7000 Shares Purchase	-	-	2394731	3.31
	c) At the end of the year	-	-	2394731	3.31
<b>4</b>	<b>MS. DIVYA SOMANY</b>				
	a) At the beginning of the year	-	-	146912	0.20
	b) Date wise increase/decrease in Promoters Share holding during the year				
	c) At the end of the year	-	-	146912	0.20

Sl. No.	Particulars	Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>5</b>	<b>MS. SUMITA SOMANY</b>	-	-		
	a) At the beginning of the year	-	-	161000	0.22
	b) Date wise increase/decrease in Promoters Share holding during the year				
	c) At the end of the year	-	-	161000	0.22
<b>6</b>	<b>MR. SHASHVAT SOMANY</b>				
	a) At the beginning of the year	-	-	76244	0.11
	b) Date wise increase/decrease in Promoters Share holding during the year				
	c) At the end of the year	-	-	76244	0.11
<b>7</b>	<b>SOMANY IMPRESSA LIMITED (FORMERLY PACO EXPORTS LIMITED)</b>				
	a) At the beginning of the year	-	-	29595000	40.94
	b) Date wise increase/decrease in Promoters Share holding during the year				
	20/03/2020- 234968 Inter Se Shares Purchase	-	-	29829968	41.26
	c) At the end of the year	-	-	29829968	41.26
<b>8</b>	<b>SANDIP SOMANY HUF</b>				
	a) At the beginning of the year	-	-	0	0.00
	b) Date wise increase/decrease in Promoters Share holding during the year				
	06/03/2020- 95832 Inter se Shares Transfer			95832	0.13
	c) At the end of the year	-	-	95832	0.13
<b>9</b>	<b>MATTERHORN TRUST</b>				
	a) At the beginning of the year	-	-	100	0.00
	b) Date wise increase/decrease in Promoters Share holding during the year				
	c) At the end of the year	-	-	100	0.00

**(iv) Shareholding Pattern of Top Ten Shareholders (Other Than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>HSIL LIMITED</b>				
	a) At the beginning of the year	500000	100.00	0	0.00
	b) Date wise increase/decrease Shareholding during the year				
	05/08/2019-Investment in 500000 Shares Canceled	-	-	500000	100.00
	c) At the end of the year	-	-	0	0.00
<b>2</b>	<b>PUNEET BHATIA#</b>				
	a) At the beginning of the year	-	-	418269	0.58
	b) Date wise increase/decrease Shareholding during the year			-	-
	c) At the end of the year	-	-	418269	0.58
<b>3</b>	<b>ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE MANUFACT</b>				
	a) At the beginning of the year	-	-	1027078	1.42
	b) Date wise increase/decrease Shareholding during the year			-	-
	c) At the end of the year	-	-	1027078	1.42
<b>4</b>	<b>FAERING CAPITAL INDIA EVOLVING FUND</b>				
	a) At the beginning of the year	-	-	750000	1.04
	b) Date wise increase/decrease Shareholding during the year			-	-
	c) At the end of the year	-	-	750000	1.04

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>5</b>	<b>HDFC TRUSTEE CO LTD A/C HDFC HOUSING OPPORTUNITIES FUND-1140D NOVEMBER 2017 (1)</b>				
a)	At the beginning of the year	-	-	4829610	6.68
b)	Date wise increase/decrease Shareholding during the year				
	03/01/2020 - 295976 Shares Transfer	-	-	4533634	6.27
	17/01/2020 - 5000 Shares Transfer	-	-	4528634	6.26
	24/01/2020 - 60000 Shares Transfer	-	-	4468634	6.18
	07/02/2020 - 21100 Shares Transfer	-	-	4447534	6.15
	14/02/2020 - 46550 Shares Transfer	-	-	4400984	6.09
	21/02/2020 - 66000 Shares Transfer	-	-	4334984	6.00
	28/02/2020 - 11000 Shares Transfer	-	-	4323984	5.98
c)	At the end of the year	-	-	4323984	5.98
<b>6</b>	<b>RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA CAPITAL BUILDER FUND IV - SERIE</b>				
a)	At the beginning of the year	-	-	2935240	4.06
b)	Date wise increase/decrease Shareholding during the year			-	-
	27/12/2019 - 347724 Shares Purchase	-	-	3282964	4.54
c)	At the end of the year	-	-	3282964	4.54
<b>7</b>	<b>SUNDARAM MUTUAL FUND A/C SUNDARAM EMERGING SMALL CAP - SERIES I</b>				
a)	At the beginning of the year	-	-	3718461	5.14
b)	Date wise increase/decrease Shareholding during the year				
	07/02/2020 - 1849646 Shares Purchase	-	-	3903407	5.40
	06/03/2020 - 1198 Shares Transfer	-	-	3902209	5.40
	20/03/2020 - 5000 Shares Purchase	-	-	3907209	5.40
c)	At the end of the year	-	-	3907209	5.40
<b>8</b>	<b>DIMENSIONAL EMERGING MARKETS VALUE FUND</b>				
a)	At the beginning of the year	-	-	460561	0.64
b)	Date wise increase/decrease Shareholding during the year			-	-
c)	At the end of the year	-	-	460561	0.64
<b>9</b>	<b>MAURYAN FIRST*</b>				
a)	At the beginning of the year	-	-	403001	0.56
b)	Date wise increase/decrease Shareholding during the year				
	24/01/2020 - 11000 Shares Purchase	-	-	414001	0.57
	31/01/2020 - 45000 Shares Purchase	-	-	459001	0.63
	13/03/2020 - 600 Shares Purchase	-	-	459601	0.64
	27/03/2020 - 17500 Shares Purchase	-	-	477101	0.66
c)	At the end of the year	-	-	477101	0.66
<b>10</b>	<b>ABAKKUS GROWTH FUND-1</b>				
a)	At the beginning of the year	-	-	1670000	2.31
b)	Date wise increase/decrease Shareholding during the year				
	27/03/2020 - 317520 Shares Purchase	-	-	1987520	2.75
c)	At the end of the year	-	-	1987520	2.75
<b>11</b>	<b>MANAV GUPTA</b>				
a)	At the beginning of the year	-	-	1157644	1.60
b)	Date wise increase/decrease Shareholding during the year				
	20/03/2020 - 34000 Shares Purchase	-	-	1191644	1.65
	27/03/2020 - 26157 Shares Purchase	-	-	1217801	1.68
	31/03/2020 - 15700 Shares Purchase	-	-	1233501	1.71
c)	At the end of the year	-	-	1233501	1.71

**Note:**

\* The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31 March 2020.

# Ceased to be in the list of Top 10 shareholders as on 31 March 2020. The same is reflected above since the shareholder was one of the Top 10 shareholders during the year.

**(v) Shareholding of Directors & Key Managerial Personnel (KMP) :**

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
<b>1</b>	<b>Mr. Sandip Somany - Chairman and Non-Executive Director</b>				
	At the beginning of the year	-	-	2283563	3.16
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	06/03/2020 - 95832 Inter Se Shares Transfer	-	-	2187731	3.03
	27/03/2020 - 200000 Shares Purchase	-	-	2387731	3.30
	31/03/2020 - 7000 Shares Purchase	-	-	2394731	3.31
	At the end of the year	-	-	2394731	3.31
<b>2</b>	<b>Mr. Rakesh Kaul - Whole-time Director &amp; CEO</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year	-	-	-	-
<b>3</b>	<b>Mr. Ashok Jaipuria - Director</b>				
	At the beginning of the year	-	-	25000	0.03
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year	-	-	25000	0.03
<b>4</b>	<b>Mr. Salil Kumar Bhandari - Director</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year	-	-	-	-
<b>5</b>	<b>Mr. N. G. Khaitan - Director</b>				
	At the beginning of the year	-	-	132	0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year	-	-	132	0.00
<b>6</b>	<b>Ms. Anisha Motwani - Director</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year	-	-	-	-
<b>7</b>	<b>Ms. Sumita Somany - Director*</b>				
	At the beginning of the year	-	-	161000	0.22
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year	-	-	161000	0.22
<b>8</b>	<b>Mr. G. L. Sultania - Director*</b>				
	At the beginning of the year	-	-	705	0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year	-	-	705	0.00
<b>9</b>	<b>Mr. N. K. Goenka - Director*</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year	-	-	-	-

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
<b>10</b>	<b>Mr. Naveen Malik - Chief Financial Officer (KMP)</b>	-	-	-	-
	At the beginning of the year			-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year				
<b>11</b>	<b>Ms. Payal M Puri - Company Secretary (KMP)</b>	-	-	-	-
	At the beginning of the year			-	-
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)			-	-
	At the end of the year	-	-	-	-

\*Mr. G. L. Sultania and Mr. N. K. Goenka ceased to be Directors w.e.f. 17 September 2019. Ms. Sumita Somany ceased to be Director w.e.f. 11 March 2020.

## V INDEBTEDNESS

(₹ in lakh)

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	11,855.76	18.00	-	11,873.76
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	113.30	-	-	113.30
<b>Total (i+ii+iii)</b>	<b>11,969.06</b>	<b>18.00</b>	<b>-</b>	<b>11,987.06</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	3,593.91	-	-	3,593.91
Reduction	(1,700.00)	(18.00)	-	(1,718.00)
<b>Net Change</b>	<b>1,893.91</b>	<b>(18.00)</b>	<b>-</b>	<b>1,875.91</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	13,749.67	-	-	13,749.67
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	33.34	-	-	33.34
<b>Total (i+ii+iii)</b>	<b>13,783.01</b>	<b>-</b>	<b>-</b>	<b>13,783.01</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Director and/or Manager \*

(₹ in lakh)

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
		Mr. Rakesh Kaul	
<b>1</b>	<b>Gross salary</b>		
a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	81.12	81.12
b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	2.60	2.60
c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- others (specify)	-	-
5	Others, please specify	-	-
	<b>Total (A)</b>	<b>83.72</b>	<b>83.72</b>
	<b>Ceiling as per the Act (@ 5% of net profits as per section 197 computed in the manner laid down in section 198 of the Companies Act, 2013)</b>		<b>31.54</b>

**B. Remuneration to other Directors\***

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		Mr. Ashok Jaipuria	Mr. Salil Kumar Bhandari	Mr. N. G. Khaitan	Ms. Anisha Motwani	
<b>1</b>	<b>Independent Directors</b>					
a)	Fee for attending board and committee meetings	0.60	0.65	0.30	0.15	1.70
b)	Commission	-	-	-	-	-
c)	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	0.60	0.65	0.30	0.15	1.70
<b>2</b>	<b>Other Non-Executive Directors</b>					
a)	Fee for attending board and committee meetings	0.35	0.20	-	-	0.55
b)	Commission	-	-	-	-	-
c)	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	0.35	0.20	-	-	0.55
	<b>Total (B)=(1+2)</b>					2.25
	<b>Total Managerial Remuneration (A+B) (excluding sitting fees) (₹ in lakh)</b>					83.72
	<b>Overall Ceiling as per the Act (@ 6% of net profits as per section 197 computed in the manner laid down in section 198 of the Companies Act, 2013) (₹ in lakh)</b>					<b>37.85</b>

#Mr. G. L. Sultania and Mr. N. K. Goenka ceased to be Directors w.e.f. 17 September 2019

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD\***

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Ms. Payal M Puri (Company Secretary)	Mr. Naveen Malik (Chief Financial Officer)	
1	Gross Salary			
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	32.73	32.92	65.65
b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	1.42	1.42
c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
	others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>32.73</b>	<b>34.34</b>	<b>67.07</b>

\* Remuneration is calculated on paid basis and as per Income Tax Act, 1961 starting from 17 September 2019 to 31 March 2020.

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

There were no penalties/punishments/compounding of offences during the financial year ended 31 March 2020.

**ANNEXURE - D****Form No. AOC-2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NIL							

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

(a)	(b)	(c)	(d)	(e)	(f)
Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
HSIL Limited-Company under common control	Procurement of products	On-going	As per agreement executed between the parties. Amount not exceeding ₹ 65.00 crore plus applicable Goods and Service Tax.	14 November 2019	Nil
HSIL Limited-Company under common control	Contract for services	On-going	As per agreement executed between the parties. Amount not exceeding ₹ 12.00 crore plus applicable Goods and Service Tax.	14 November 2019	Nil
HSIL Limited-Company under common control	Rent of premises	On-going	As per agreement executed between the parties. Amount not exceeding ₹ 10.00 crore plus applicable Goods and Service Tax.	14 November 2019	Nil

For and on behalf of the Board of Directors

**Sandip Somany**  
Chairman

## ANNEXURE E

**DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**A. The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:**

- (i) The ratio of the remuneration of each director to the median remuneration of the employee of the Company for the financial year:

<b>Name of the Directors</b>	<b>Ratio to median remuneration*</b>
Executive Directors	
Mr. Rakesh Kaul	32.56
Non-executive Directors	
Mr. Sandip Somany	0.17
Ms. Sumita Somany	0.10
Mr. Salil Kumar Bhandari	0.32
Mr. Ashok Jaipuria	0.30
Mr. Nand Gopal Khaitan	0.15
Ms. Anisha Motwani	0.07

- (ii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

<b>Director, Chief Executive Officer, Chief Financial Officer and Company Secretary</b>	<b>% increase/ (decrease) in remuneration in the financial year*</b>
Mr. Sandip Somany, Chairman and Non-Executive Director	
Ms. Sumita Somany, Non-Executive Director	
Mr. Rakesh Kaul, Whole-time Director and CEO	
Mr. Salil Kumar Bhandari, Independent Director	
Mr. Ashok Jaipuria, Independent Director	Not applicable**
Mr. Nand Gopal Khaitan, Independent Director	
Ms. Anisha Motwani, Independent Director	
Mr. Naveen Malik, Chief Financial Officer	
Ms. Payal M Puri, Company Secretary	

\*Remuneration includes sitting fees and is calculated on paid basis and as per the Income Tax Act, 1961.

\*\*This information is not applicable for the FY 2019-2020 since, the Directors and the KMP were appointed during the year under review. Hence, no increase/decrease is applicable.

- (iii) The percentage increase/decrease in remuneration in the median remuneration of employee in the financial year: This information is not applicable for the FY 2019-2020 since, the employees were appointed during the year under review. Hence, no increase/decrease is applicable.

- (iv) The number of permanent employees on the rolls of the Company as on 31 March 2020: 482

- (v) Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentile increase/decrease already made in the salaries of the employees other than the managerial personnel in the last financial year: This information is not applicable for the FY 2019-2020 since, the employees were appointed during the year under review. Hence, no increase/decrease is applicable.

Percentile increase/decrease in the managerial remuneration of Mr. Rakesh Kaul, Whole-time Director and CEO is not applicable since, Mr. Rakesh Kaul, Whole-time Director and CEO was appointed on 17 September 2019.

- (vi) Affirmation that the remuneration is as per the Remuneration Policy of the Company:

The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

## BUSINESS RESPONSIBILITY REPORT

Somany Home Innovation Limited (SHIL) is committed to act with integrity, honesty, compassion and high ethics in all situations. SHIL is also committed to enhance the welfare of communities where SHIL employees live and work, to protect global environment and to be compliant with laws and regulations of the country. SHIL has a Code of Conduct that every employee and business partner abides by.

This report conforms to the Business Responsibility Reporting (BRR) requirement of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and its amendments thereon and the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs, India.

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L74999WB2017PLC222970
2. **Name of the Company:** Somany Home Innovation Limited
3. **Registered address:** 2 Red Cross Place, Kolkata - 700001, West Bengal
4. **Website:** www.shilgroup.com
5. **E-mail ID:** investors@shilgroup.com
6. **Financial Year reported:** 1 April 2019 – 31 March 2020
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**
  1. 47591, 47592- Furniture and Kitchen Utilities (Retail)
  2. 47593, 47594, 47599 - Retail sale of cooking/kitchen appliances, other electrical/electronic household goods and other household appliances
8. **List three key products/services that the Company manufactures/provides (as in balance sheet):**
  1. Consumer Durables/Electronics household goods and other household appliances
  2. Furniture and Kitchen Utilities (Retail)
9. **Total number of locations where business activity is undertaken by the Company:**
  - i. Number of International Locations: NIL
  - ii. Number of National Locations: 29 (including Registered Office, Corporate Office, Warehouses and Depots)
10. **Markets served by the Company - Local/State/National/International:**

LOCAL	STATE	NATIONAL	INTERNATIONAL
Yes	Yes	Yes	Yes

### SECTION B: FINANCIAL DETAILS OF THE COMPANY (₹ IN LAKH)

- 1 **Paid up Capital (INR):** ₹ 1,445.93 lakh
- 2 **Total Turnover (INR):** ₹ 45,143.92 lakh
- 3 **Total profit after taxes (INR):** ₹ 878.27 lakh
- 4 **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**  
As per the Audited financial of the Company for the FY 2018-19, Corporate Social Responsibility (CSR) is not applicable to the Company FY 2019-20.
5. **List of activities in which expenditure in 4 above has been incurred:**  
As per the Audited financial of the Company for the FY 2018-19, Corporate Social Responsibility (CSR) is not applicable to the Company FY 2019-20.

**SECTION C: OTHER DETAILS****1. Does the Company have any Subsidiary Company/Companies?**

Yes, the Company has eight (8) subsidiary companies as on 31 March 2020 including step down subsidiaries.

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If Yes, then indicate the number of such Subsidiary Company(s).**

The Company has four (4) Foreign subsidiaries (including step down), all these subsidiaries are complying with the applicable laws of their country. The Company has four (4) Indian subsidiaries (including step down). The subsidiary companies define their own initiatives specific to their business context whilst having access to information and expertise residing with the Parent company.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If Yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

The Company does not mandate its suppliers/distributors to participate in the Company's BR initiatives. However, they are encouraged to adopt such practices and follow the concept of being a responsible business.

**SECTION D: BR INFORMATION****1. Details of Director/Directors responsible for Business Responsibility Report****a) Details of the Director/Directors responsible for implementation of the BR policy/policies**

- > **DIN** : 08560772
- > **Name** : Mr. Rakesh Kaul
- > **Designation** : Whole-time Director & CEO

**b) Details of the BR Head**

No.	Particulars	Details
1.	DIN (if applicable)	08560772
2.	Name	Mr. Rakesh Kaul
3.	Designation	Whole-time Director & CEO
4.	Telephone number	+91-124-2889300
5.	E-mail ID	brr@shilgroup.com

**2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

**Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

**Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

**Principle 3:** Businesses should promote the well-being of all employees.

**Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

**Principle 5:** Businesses should respect and promote human rights.

**Principle 6:** Businesses should respect, protect and make efforts to restore the environment.

**Principle 7:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

**Principle 8:** Businesses should support inclusive growth and equitable development.

**Principle 9:** Businesses should engage with and provide value to their customers and consumers in a responsible manner.

## a. Details of Compliance (Reply in Y/N)

Sl. No.	Questions	Business Ethics	Sustainability	Employees' Well-being	Stakeholders' Welfare	Human Rights	Environment	Regulatory Policy	Equitable Development	Customer Responsibility
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Yes, the policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	<a href="http://www.shilgroup.com/pdf/business-responsibility-policies.pdf">http://www.shilgroup.com/pdf/business-responsibility-policies.pdf</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes, any grievances or feedback to the policies can be sent to <a href="mailto:brr@shilgroup.com">brr@shilgroup.com</a>								
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	No, this is the first Business Responsibility Report of the Company.								

## b. If answer to S. No. 1 against any principle, is 'No', please explain why:

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task					Not Applicable				
4.	It is planned to be done within the next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

## 3. Governance related to BR

## (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year :

The BR Head shall annually assess the BR performance of the Company.

## (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company has published its first Business Responsibility Report for the FY 2019-20 which forms a part of the Company's Annual Report for the FY 2019-20. The same can be accessed at <http://www.shilgroup.com>

**SECTION E: PRINCIPLE-WISE PERFORMANCE****Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.****1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company's policies on Ethics, Transparency and Accountability, along with the Code of Conduct, is applicable to all individuals working in the Company and its subsidiaries. For the foreign subsidiaries, the code is applicable in line with the local requirements prevailing in the country of operation. The Company encourages its business partners to follow the code.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

Stakeholder	Complaints received during FY 2019-20	Complaints Resolved during FY 2019-20	Complaints Resolved (%)
Investors' Complaints	Nil	Nil	-
Consumers' Complaints	394172	391111	99%
<b>Total</b>	<b>394172</b>	<b>391111</b>	<b>99%</b>

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.****1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

- › Air Purifiers
- › Water Purifiers
- › Kitchen Chimneys

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional) :****a. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

We converted thermocole packaging to paper pulp packaging in some of the Instant Water Heaters and ever since sold close to 45000 units in the last two years which had savings on the polymer consumption. 8-10% weight reduction done in an another model of water heater thus saving polymer consumption as well as lower manufacturing cycle times thus saving energy.

For all new developments, we are focusing on reduced polymer consumptions and achieving considerable reductions compared to our products developed in the past. This reduces polymer consumption as well as energy involved during manufacturing.

**b. Reduction during usage by consumers (water, energy) has been achieved since the previous year?**

We launched a water purifier by the name of Achelous Premium iPro in August 2019 where the wastage due to RO is 50% instead of the usual water wastage varying between 60-70% in all other RO water purifiers.

We have also developed a patented "Varycool" technology for Air coolers where the consumers can control the cooling intensity as per their needs. By virtue of this feature, the cooler may not consume water all the time and will only be limited for the period when the consumer wants. This ends up in saving lots of water.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

As a policy, we strategically identify OEM partners with locations suitable for sales as desired by the region. For instance, the biggest markets for desert coolers is North India, hence all desert coolers are sourced from Delhi NCR and similarly all the personal coolers are sourced from West due to its major markets in West and South of India. 67-70% of the total coolers sold are strategically sourced from the same zone where they are sold.

**4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

We strongly believe in upgrading our partners with small set ups and elevate them for large scale cooperation. Couple of vendors with basic facilities of mold manufacturing and plastic molding have been upgraded as product manufacturers and assemblers. Our teams hand holds them and work very closely to jointly achieve the objectives.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5 - 10%, >10%). Also, provide details thereof, in about 50 words or so.

Not Applicable, we don't have the manufacturing facilities.

**Principle 3: Businesses should promote the well-being of all employees**

1. Please indicate the Total number of employees. - 445 (permanent employees)
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. - 170
3. Please indicate the Number of permanent women employees. - 16
4. Please indicate the Number of permanent employees with disabilities - Nil
5. Do you have an employee association that is recognised by management? - Nil
6. What percentage of your permanent employees is members of this recognised employee association? Nil
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees: 65%
- (b) Permanent Women Employees : 65%
- (c) Casual/Temporary/Contractual Employees: 30%
- (d) Employees with Disabilities: Not applicable

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

1. Has the Company mapped its internal and external stakeholders? Yes/No  
Yes, the Company's key stakeholders include employees, suppliers, customers, business partners, regulatory agencies and local communities around its sites of operation.
2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders.  
Yes, the Company has identified the disadvantaged, vulnerable and marginalised stakeholders.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.  
Since, this is the first year of applicability of BRR reporting, the Company will ensure to take such initiatives to engage with the disadvantaged, vulnerable and marginalised stakeholders in future.

**Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?  
The Company along with its subsidiaries follows its policy on human rights which are applicable to all employees in the Company. For its foreign subsidiaries, the policy is applicable in line with the local requirements prevailing in the country of operation. The Company encourages its business partners to follow the policy. SHIL discourages dealing with any supplier/contractor if it is in violation of human rights and also prohibits the use of forced or child labour at all manufacturing units with business associates.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?  
No complaint was received pertaining to human rights violation during the reporting period.

**Principle 6: Businesses should respect, protect and make efforts to restore the environment.****1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

The Company has a defined Environment Policy which is a guidance document for its employees, business partners/associates and other relevant stakeholders to encourage them to adopt more environment friendly and safe business practices.

**2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

We intend to make DFE (Design for Environment) as a standard part of our product development process.

**3. Does the Company identify and assess potential environmental risks? Y/N**

The Company is not involved in manufacturing of any product. However, the Company has developed a separate Environmental Policy to focus on the potential impacts on environment and its mitigation.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

We do not have any projects registered under Clean Development Mechanism.

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

We retail and trade water heaters, which are energy efficient appliances. These work in accordance to the norms laid down by Bureau of Energy Efficiency for energy efficiency.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Not Applicable to the Company, since the Company is not involved in manufacturing of any product.

**7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

No, we have not received any show cause/legal notices from CPCB/SPCB during the year.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.****1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes, WQA (Water Quality Association)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Management of the Company understands the improvement and advancements of the industry in interest of public good. Our endeavor is to co-operate with all government bodies and policy makers in this regard.

**Principle 8: Businesses should support inclusive growth and equitable development.****1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Since this is the first year of applicability of BRR reporting and there being inadequate profit in the immediate preceding financial year, therefore the Company has not contributed towards community development projects. However, the Company is committed to take such initiatives in future.

**2. Are the programmes/projects undertaken through in house team/own foundation/external NGO/government structures/any other organisation?**

No programmes/projects were undertaken during the year under review. Please refer point 1 of principle 8 above.

**3. Have you done any impact assessment of your initiative?**

Please refer point 1 of principle 8 above.

**4. What is your Company's direct contribution to community development projects (Amount in INR) and the details of the projects undertaken.**

Please refer point 1 of principle 8 above.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**  
Please refer point 1 of principle 8 above.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year:** 1%
2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information).**  
Our packaged products carry information as required under Legal Metrology Act and related rules & regulations. Besides this, we also provide information on electrical specifications (like voltage, power consumption), product color and capacity, product weights, product dimensions or sizes.
3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**  
No case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior.
4. **Did your Company carry out any consumer survey/consumer satisfaction trends?**  
Yes. We conducted a Study through an Independent consultant for Water Heaters & IMRB research for exploring brand opportunities for SHIL. Both these were conducted in FY 2019-20.

## REPORT ON CORPORATE GOVERNANCE

### COMPANY PHILOSOPHY

Corporate Governance is essentially the management of an organisation's activities in accordance with policies that are value-accretive for all stakeholders. It is an ethically driven business process that is committed to values aimed at enhancing an organisation's brand and reputation. Responsible corporate conduct is integral to the way we do our business. At Somany Home Innovation Limited, the Management strongly believes in fostering a governance philosophy that is committed to maintaining accountability, transparency and responsibility, which are integral to the Company's day-to-day operations. Your Company firmly believes in being transparent in all the areas of its operations and also to all the stakeholders and which has been embodied in its culture. This is practiced through open working methods, emphasis on continuous communication, timely and complete disclosures and being transparent about its entire gamut of activities.

In order to keep up the highest level of standards, your Company reviews its Corporate Governance practices periodically against the backdrop of the latest developments in the corporate arena, thereby endeavoring to conform to the highest standards of Corporate Governance practices. Your Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Board of Directors are apprised of all the vital issues that it comes across and is committed to upholding the highest standards of accountability through an integrated way of thinking. Through this robust Corporate Governance mechanism that interlinks values, ethics and positive culture, the Company aims to achieve long-term sustainability.

### A. BOARD OF DIRECTORS

The Company is managed and controlled by a professional Board comprising a blend of Executive and Non-executive professional Directors with considerable professional expertise and experience which provides leadership and guidance to the management thereby enhancing Stakeholders' value. As on 31 March 2020, the Board of Directors consisted of six Directors out of which four (i.e. 66.00%) are Independent Directors, one (17.00%) is Non-Executive Non-Independent Director and one (17.00%) is Executive Director. The composition of the Company's Board is in conformity with the provisions of the Companies Act, 2013 ("Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

As on 31 March 2020, none of the Directors on the Company's Board was a Director in more than 10 Public Companies (including 7 Listed Companies), neither a Chairman of more than 5 Committees nor a member of more than 10 Committees in all the public companies in which they are Directors. Further, all the Directors have made necessary disclosures regarding their Directorship and Chairmanship/Committee Membership in other Companies as per the requirement of Listing Regulations, Act and other applicable provisions, if any.

As on 31 March 2020, no Director is related to any other Director on the Board.

The appointment of the Chairman and Non-Executive Director is approved by the members at their general meetings and the appointment of Whole-time Director and CEO including the tenure and terms of his remuneration, is subject to approval by the members at their general meeting.

Ten Board meetings were held during FY 2019-20 and the gap between two meetings did not exceed 120 days. The dates on which the Board meetings were held are as follows: 4 April 2019, 2 May 2019, 6 August 2019, 7 August 2019, 23 August 2019, 14 September 2019, 17 September 2019, 14 November 2019, 3 December 2019 and 11 February 2020.

Dates for the Board meetings are decided well in advance to enable the Directors plan their schedules to facilitate participation in the meetings. The Agenda, along with the supporting documents, explanatory notes and information, as enumerated under Listing Regulations, are made available to the Board along with the notice of respective meetings in advance in order to enable them to make value addition and discharge their duties diligently during the meetings. The Board periodically reviews compliance reports of all laws applicable to the Company. The Company undertakes steps to rectify instances of non-compliance, if any.

The names and categories of the Directors on the Board, along with their attendance at the Board meetings held during the year ended 31 March 2020, and at the last Annual General Meeting, and the number of other Directorships and Chairmanship/Membership of Committees held by them, are given below:

Name of the Director	No. of Board meetings attended during tenure	Whether attended the last AGM	No. of other Directorships*	Committee position of Companies**		No. of Equity Shares held
				Chairman	Member	
<b>Executive</b>						
Mr. Rakesh Kaul ## (Whole-time Director & CEO) DIN: 08560772	4	Not applicable	1	Nil	1	Nil
<b>Non-executive and Non- Independent</b>						
Mr. Sandip Somany (Chairman and Non-Executive Director) DIN: 00053557	4	No	6	Nil	1	2394731
Mr. G. L. Sultania# DIN: 00060931	6	Yes	9	1	2	705
Mr. Niranjn Kumar Goenka# DIN: 00060864	4	Yes	8	1	1	Nil
Ms. Sumita Somany# DIN: 00133612	2	Not applicable	1	Nil	Nil	161000
<b>Non-executive and Independent</b>						
Mr. Ashok Jaipuria## DIN: 00214707	4	Not applicable	3	Nil	1	25000
Mr. N. G. Khaitan## DIN: 00020588	1	Not applicable	6	3	4	132
Mr. Salil Kumar Bhandari## DIN: 00017566	4	Not applicable	5	1	3	Nil
Ms. Anisha Motwani## DIN: 06943493	1	Not applicable	7	Nil	6	Nil

\*This includes Directorship in public limited companies (including subsidiaries of public limited companies) and excludes Directorship in this Company, associations, private, foreign and Section 8 companies.

\*\* Represents Chairmanship/Membership of Audit Committee and Stakeholder Relationship (Shareholders'/Investors' Grievance) Committee. This includes Chairmanship/Membership in public limited companies (including subsidiaries of public limited companies) and excludes Chairmanship/Membership in this Company, private, foreign and Section 8 companies.

#Mr. G. L. Sultania and Mr. Niranjn Kumar Goenka ceased to be Directors of the Company w.e.f. 17 September 2019. Ms. Sumita Somany was appointed as Non-Executive Non-Independent Director on 14 September 2019 and ceased to be Director w.e.f. 11 March 2020.

## Mr. N.G. Khaitan, Mr. Salil Kumar Bhandari, Mr. Ashok Jaipuria were appointed as Additional Directors designated as Independent Directors on 14 September 2019. Mr. Rakesh Kaul was appointed as Additional Director designated as Whole-Time Director & CEO of the Company on 17 September 2019. Ms. Anisha Motwani was appointed as Additional Director designated as Independent Director on 11 February 2020.

#### Name of Listed Companies in which Directors hold Directorships other than Somany Home Innovation Limited

S. No.	Name of Director	Name of the Listed Company	Category of Directorship
1.	Mr. Sandip Somany	• HSIL Limited	Vice Chairman and Managing Director
		• JK Paper Limited	Independent Director
2.	Mr. Rakesh Kaul	Nil	N.A.
3.	Mr. Ashok Jaipuria	• Cosmo Films Limited	Managing Director
		• HSIL Limited	Independent Director (Resigned w.e.f. 27 May 2020)
4.	Mr. N. G. Khaitan	• Mangalam Cement Limited	Independent Director
		• Reliance Chemotex Industries Limited	Non-Executive Non-Independent Director
		• India Power Corporation Limited (Formerly DPSC Limited)	Independent Director
		• JK Lakshmi Cement Limited	Independent Director
		• Chase Bright Steel Limited	Independent Director
		• HSIL Limited	Independent Director
5.	Mr. Salil Kumar Bhandari	• Greenpanel Industries Limited	Independent Director
		• HSIL Limited	Independent Director (Resigned w.e.f. 1 April 2020)
6.	Ms. Anisha Motwani	• Prataap Snacks Limited	Independent Director
		• Welspun India Limited	Independent Director
		• Abbott India Limited	Independent Director

**CORE SKILLS/EXPERTISE/COMPETENCIES OF DIRECTORS**

The existing Board of Directors of the Company comprises of appropriate skills/expertise/competencies in diversified domains for its effective functioning. Further, the Board has identified the skills/expertise/competencies of each Director in accordance with their rich and varied experience across different sectors, in the following manner:

AREA OF EXPERTISE	Name of Directors					
	Mr. Sandip Somany	Mr. Rakesh Kaul	Mr. Salil Kumar Bhandari	Mr. Ashok Jaipuria	Mr. Nand Gopal Khaitan	Ms. Anisha Motwani
Strategy	✓	✓	✓	✓	-	✓
Business Administration	✓	✓	✓	-	-	✓
Management	✓	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓	✓
Engineering & Manufacturing	✓	-	-	✓	-	-
Sales & Marketing	✓	✓	✓	✓	-	✓
Community Services	✓	-	✓	✓	-	-
Human Resources	✓	✓	✓	✓	-	-
Business Development	✓	✓	✓	✓	-	-
Finance	✓	✓	✓	✓	✓	✓
Legal	✓	-	-	✓	✓	-
Product Development	-	-	-	-	-	✓
Consumer Insight	-	-	-	-	-	✓
E-Commerce	-	✓	-	-	-	-
Technology	-	✓	-	-	-	-

The Board confirms that the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

During the FY 2019-20, no Independent Director resigned from the Board of Directors of the Company.

**B. COMMITTEES OF THE BOARD**

The Board of Directors has constituted the following Committees for better governance with adequate delegation of powers to discharge the Company's requisite business:

- › Audit Committee
- › Corporate Affairs Committee
- › Nomination and Remuneration Committee
- › Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee
- › Share Transfer Committee

The minutes of the meetings of all such committees are placed before the Board for discussion/noting.

Detail of the composition, number of meetings held during the year, attendance of members and scope of the committees are as below:

**Audit Committee Composition**

The Committee was constituted on 14 September 2019 and further, re-constituted on 11 February 2020. As on 31 March 2020, the Committee comprises of five Directors (1 Non-Independent Non-Executive Director and 4 Independent Directors). Mr. Salil Kumar Bhandari, Fellow Chartered Accountant and Commerce graduate, is the Chairman of the Committee. The quorum of the Committee is two members or one-third of the members, whichever is higher with at least two

Independent Directors. The Whole-time Director & CEO, Finance Head, Statutory Auditors and the Internal Auditors are invitees to the meetings of the Audit Committee. The business and operation heads are invited to the meetings, as and when required. The Company Secretary acts as the Secretary to the Committee.

**Meetings and Attendance**

During the year, four meetings of the Audit Committee were held on 17 September 2019, 14 November 2019, 3 December 2019 and 11 February 2020. The Audit Committee was constituted on 14 September 2019 and the last Annual General Meeting (AGM) of the Company was held on 3 August 2019, therefore, the presence of the Chairman of the Audit Committee at the AGM was not applicable.

The following table summarises attendance of Audit Committee members during the year under review:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. Salil Kumar Bhandari	Chairman	4	4
Mr. Sandip Somany	Member	4	2
Mr. Ashok Jaipuria <sup>#</sup>	Member	4	4
Mr. N. G. Khaitan	Member	4	1
Ms. Anisha Motwani*	Member	-	-

\* Ms. Anisha Motwani was appointed as Member of Audit Committee on 11 February 2020 and no meeting of Audit Committee was held after her appointment during remaining part of the FY 2019-20.

<sup>#</sup> Mr. Ashok Jaipuria resigned as Member of Audit Committee on 23 June 2020.

The Committee's existing composition meets with requirements of Section 177 of the Act and Listing Regulations. Members of the Audit Committee possess financial/accounting expertise/exposure.

**Scope of the Audit Committee**

The Audit Committee, inter alia, supports the Board to ensure an effective internal control environment. The Committee discharges such duties and functions with powers generally indicated in Listing Regulations.

The scope of the Audit Committee is as follows:

**Powers of Audit Committee**

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Terms of Reference**

- › Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible;
- › Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee;
- › Approving payment to Statutory Auditors for any other services rendered by them;
- › Reviewing, with the management, the Annual Financial Statements and auditor's report thereon before submission to the Board for approval, with particular reference to, (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013 (b) Changes, if any, in accounting policies and practices and reasons for the same (c) Major accounting entries involving estimates based on the exercise of judgement by management (d) Significant adjustments made in the financial statements arising out of audit findings (e) Compliance with listing and other legal requirements relating to financial statements (f) Disclosure of any related party transactions (g) Qualifications in the draft audit report, if any;
- › Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval;
- › Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue, if any, and making appropriate recommendations to the Board to take up steps in this matter;
- › Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- › Approval or any subsequent modification of transactions of the Company with related parties;
- › Scrutiny of inter-corporate loans and investments;
- › Valuation of undertakings or assets of the Company, wherever it is necessary;
- › Reviewing, with the management, the performance of Statutory and Internal Auditors and adequacy of the internal control system;
- › Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- › Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- › Reviewing reports of internal audit and discussing with Internal Auditors on any significant findings of any internal investigations by the Internal Auditors and the executive management's response on matters and follow-up thereon;
- › Reviewing reports of Cost audit, if any, and discussion with Cost Auditors on any significant findings by them;
- › Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- › To review the functioning of the Vigil (Whistle Blower) mechanism;
- › Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- › Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors, if applicable;
- › Evaluating Internal Financial Controls and Risk Management Systems and reviewing the Company's financial and risk management policies;
- › Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- › Reviewing the Management Discussion and Analysis of financial condition and results of operation;
- › Reviewing the statement of significant related-party transactions;

- › Reviewing the Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- › To review the appointment, removal and terms of remuneration of the Chief Internal Auditor;
- › To review the internal audit report relating to internal control weaknesses;
- › To review compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, and verify that the systems for internal controls are adequate and are operating effectively; and
- › To review the utilisation of loans and/or advances from/investment by the Company in its subsidiary companies exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower.

### Corporate Affairs Committee Composition

The Company's Corporate Affairs Committee was constituted on 17 September 2019 and further, re-constituted on 23 June 2020 comprising of one Executive Director, one Non-Executive Non-Independent Director and one Independent Director. Mr. Rakesh Kaul Whole-time Director & CEO of the Company, is Chairman of the Committee. The quorum of the Committee is two members. The Company Secretary acts as the Secretary to the Committee.

### Meetings and Attendance

The Corporate Affairs Committee met on two occasions during the FY 2019-20, on 3 March 2020 and 19 March 2020.

**The following table summarises the attendance details of the Corporate Affairs Committee members:**

Name of Members	Status	No. of Meetings held during the tenure	No. of meetings attended
Mr. Rakesh Kaul	Chairman	2	2
Mr. Sandip Somany	Member	2	2
Mr. Salil Kumar Bhandari	Member	2	-
Ms. Sumita Somany <sup>#</sup>	Member	1	1

<sup>#</sup> Ms. Sumita Somany was appointed as Non-Executive Non-Independent Director on 14 September 2019 and resigned from the office of Director on 11 March 2020. Accordingly, she ceased to be member of Corporate Affairs Committee w.e.f. 11 March 2020.

### Scope of the Corporate Affairs Committee

The Corporate Affairs Committee's terms of reference include providing authorisation to the Company's Executives on account of banking operations, taxation, corporate and financial management issues arising in the Company's day-to-day operations between the two Board Meetings. The Committee's powers are revised from time to time by the Board of Directors to facilitate seamless operations of the Company.

### Nomination and Remuneration Committee Composition

The Company's Nomination and Remuneration Committee was constituted on 14 September 2019 and further, re-constituted on 17 September 2019. It comprises of three members, two of them are Independent Directors and one is Non-executive Non-Independent Director. The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one Non-executive Independent Director in attendance. The Company Secretary acts as Secretary to the Committee.

### Meetings and Attendance

During the year, the Nomination and Remuneration Committee met two times on 17 September 2019 and 11 February 2020. The following table summarises the attendance details of the Nomination and Remuneration Committee members:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. Salil Kumar Bhandari	Chairman	2	2
Mr. Sandip Somany	Member	2	1
Mr. N. G. Khaitan <sup>#</sup>	Member	1	1
Mr. Ashok Jaipuria <sup>*</sup>	Member	1	1

<sup>#</sup> Appointed as Member w.e.f. 17 September 2019.

<sup>\*</sup> Ceased to be Member w.e.f. 17 September 2019.

### Terms of reference

The Nomination and Remuneration Committee is empowered to review and recommend to the Board of Directors, remuneration and commission of the Company's Executive Directors and Senior Management in accordance with the guidelines laid down under the statute. The scope of the Nomination and Remuneration Committee is as follows:

- › formulating criteria for determining qualifications, positive attributes and independence of Directors;
- › identifying and recommending individuals who are qualified to become Directors, and who may be appointed as Senior Management in accordance with the criteria laid down;
- › assisting the management of the Company in formulating and periodically reviewing the familiarisation programs for Independent Directors, as may be required;
- › formulating criteria for evaluation of Independent Directors and the Board;
- › specifying the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

- › recommending to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management, and while formulating such policy ensuring that (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality, required to run the Company successfully; (ii) the relationship of remuneration to performance is clear and meets the appropriate performance benchmarks; and (iii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between the fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- › preparing a policy on diversity of the Board;
- › recommending to the Board the re-appointment and removal of any individuals holding the office of a Director, Key Managerial Personnel or Senior Management, subject to the provision of the law and their service contract;
- › determining whether the relevant Director has the requisite qualifications for practice of a profession in terms of section 197 of the Companies Act, 2013 in relation to payment of remuneration for services rendered by such Director;
- › recommending to the Board, all remuneration, in whatever form, payable to Senior Management;
- › undertaking such other functions as may be determined by the Board or required under the provisions of the Companies Act, 2013 or the Listing Regulations; and
- › undertaking such other actions as may be necessary or appropriate for performance of the aforementioned functions.

The Nomination and Remuneration Policy of the Company is available on the Company's website [www.shilgroup.com](http://www.shilgroup.com).

### Detail of Remuneration of Directors

The table below provides the details of the remuneration paid to the Directors during the financial year 2019-20:

Amount (in ₹)						
Name of Directors	Basic	Perquisites	Commission (for the year 2018-19)	Contribution to PF	Sitting Fee	Total
Mr. Sandip Somany	N.A.	N.A.	N.A.	N.A.	35,000	35,000
Ms. Sumita Somany**	N.A.	N.A.	N.A.	N.A.	20,000	20,000
Mr. Girdhari Lal Sultania#	N.A.	N.A.	N.A.	N.A.	-	-
Mr. Niranjana Kumar Goenka#	N.A.	N.A.	N.A.	N.A.	-	-
Mr. Rakesh Kaul*	77,38,823	2,59,527	N.A.	3,73,958	N.A.	83,72,308
Mr. Ashok Jaipuria*	N.A.	N.A.	N.A.	N.A.	60,000	60,000
Mr. Nand Gopal Khaitan*	N.A.	N.A.	N.A.	N.A.	30,000	30,000
Mr. Salil Kumar Bhandari*	N.A.	N.A.	N.A.	N.A.	65,000	65,000
Ms. Anisha Motwani <sup>§</sup>	N.A.	N.A.	N.A.	N.A.	15,000	15,000
<b>TOTAL</b>	<b>77,38,823</b>	<b>2,59,527</b>	<b>-</b>	<b>3,73,958</b>	<b>2,25,000</b>	<b>85,97,308</b>

\* Mr. Ashok Jaipuria, Mr. Nand Gopal Khaitan and Mr. Salil Kumar Bhandari were appointed as Additional Directors on 14 September 2019. Mr. Rakesh Kaul was appointed as an Additional Director on 17 September 2019.

\*\* Ms. Sumita Somany was appointed as an Additional Director on 14 September 2019 and resigned from Directorship on 11 March 2020.

# Mr. Girdhari Lal Sultania and Mr. Niranjana Kumar Goenka resigned as Directors w.e.f. 17 September 2019.

§ Ms. Anisha Motwani was appointed as an Additional Director on 11 February 2020.

The Company has not issued any stock option to its directors/employees.

### Directors with materially significant, pecuniary or business relationship with the Company

The transactions with related parties are furnished in note no. 44 of financial statements, as stipulated under Accounting Standard (Ind AS) 24. Apart from related party transactions furnished in note no. 44, there are no transactions of material nature with Directors or their relatives and others, which may have potential conflict with the Company's interest. The Register of Contracts required to be maintained under Section 189(1) and Rule 16(1) of the Act, containing the details of the contracts, in which the Directors are concerned or interested, is

placed at the meeting of the Board of Directors for their approval and noting, on a periodical basis.

With the applicability of the Act and Listing Regulations, transactions attracting provisions of Section 188 which are in ordinary course of business and are at arm's length have been entered into after being reviewed, scrutinised and approved by the Audit Committee and with approval of the Board. During the FY 2019-2020, the Company entered into related party transactions with HSIL Limited which were considered material in nature as per Regulation 23 of Listing Regulations, which required approval of shareholders by way of ordinary resolution. Accordingly, the Company sought approval for the aforesaid material related party transactions from

the shareholders by postal ballot and the same was approved by the shareholders with requisite majority on 26 March 2020.

No transactions which are not in ordinary course of business and are not at arm's length have been entered into with any related party.

The Related Party Transactions Policy of the Company is available on the Company's website [www.shilgroup.com](http://www.shilgroup.com).

#### **Stakeholders Relationship (Shareholders'/ Investors' Grievance) Committee Composition**

The Committee was constituted on 17 September 2019 comprising of three members, two of them are Independent Directors and one is Executive Director. The Chairman of the Committee is Mr. Salil Kumar Bhandari. The Company Secretary of the Company acts as the Secretary to the Committee and is also the Company's Compliance Officer.

#### **Meetings and Attendance**

During the year, one meeting of the Committee was held on 21 January 2020. The following table summarises the attendance details of the Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee members:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. Salil Kumar Bhandari	Chairman	1	-
Mr. Nand Gopal Khaitan	Member	1	1
Mr. Rakesh Kaul	Member	1	1

#### **Scope of Stakeholders Relationship (Shareholders'/ Investors' Grievance) Committee**

- › To resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- › To review measures taken for effective exercise of voting rights by shareholders.
- › To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

## **D. GENERAL BODY MEETINGS**

### **Annual General Meeting**

The last two Annual General Meetings (since its incorporation on 28 September 2017) were held as under:

Financial Year	Date	Time	Venue
2018-19	3 August 2019	11.00 a.m.	-2, Red Cross Place, Kolkata-700 001
2017-18	6 September 2018	10.00 a.m.	

No special resolution was passed in the last two Annual General Meetings.

- › To review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

During the year, no complaints were received by the Company.

### **Share Transfer Committee**

#### **Composition**

The Committee comprises of three members. The Committee comprises of the Company's Authorised Representatives/Executives as its members.

#### **Meetings and Attendance**

The Committee conducts monthly meetings for the approval of transfer of shares lodged with the Company, if any.

#### **Scope of the Share Transfer Committee**

The Board entrusts the Share Transfer Committee with the powers related to transfers (if any), transmissions, consolidation, splitting and issue of share certificates, in exchange of sub-divided/consolidated and others and overseeing the performance of the Company's appointed Registrar and Share Transfer Agent.

## **C. OTHER MEETING**

### **Independent Directors Meeting**

During the year under review, the Independent Directors met on 11 February 2020 inter alia, to discuss:

- › Evaluation of the performance of Non-Independent Directors;
- › Evaluation of the Board of Directors as a whole;
- › Evaluation of the performance of the Chairman of the Company, taking into account the view of the Executive and Non-executive Directors; and
- › The quality, quantity and timelines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the meeting.

**Extra Ordinary General Meeting**

During the financial year 2019-20, no Extra Ordinary General Meeting was held.

**Postal Ballot**

During the financial year 2019-20, the Company conducted Postal Ballot once, the results of which were declared on 27 March 2020. Two resolutions were passed through Postal Ballot, the details of which are as under:

S. No.	Resolution	Votes cast in favour		Votes cast against		Date of approval of resolution
		No. of votes	%	No. of votes	%	
1	As an Ordinary Resolution Approval for Related Party Transactions with HSIL Limited	1,83,40,450	99.99	1,794	0.01	26 March 2020
2.	As a Special Resolution Payment of commission to the Directors (other than Managing and Whole-time Directors)	5,40,10,679	99.99	4,384	0.01	26 March 2020

Ms. Aditi Jhunjunwala, Practicing Company Secretary, Kolkata (ACS: 26988, CP: 20346), was appointed to act as scrutiner to conduct the aforesaid Postal Ballot and remote e-voting process in a fair and transparent manner.

The Company is in the process of seeking approval from the Shareholders by way of Postal Ballot Notice dated 23 June 2020 for the sale of its water heater business to Hintastica Private Limited, wholly-owned subsidiary of the Company

**Procedure for Postal Ballot(s)**

In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with related rules, the Company engaged the services of Central Depository Services (India) Limited (CDSL) for the purpose of providing remote e-voting facility to all its members. The members were provided with the option to vote either by physical ballot or e-voting.

The Company dispatched the postal ballot notice and forms along with postage prepaid business reply envelopes to all its members whose names were appearing on the register of member/list of beneficiaries as on cut-off date. The postal ballot notice was sent to the email addresses of members who have registered their email id with their depository participants (in case of electronic shareholding)/the Company's Registrar and Share Transfer Agents (in case of physical shareholding). The Company also placed the notice on its website and published the same in the newspapers declaring the details of completion of dispatch and other requirement as mandated under the Act and applicable rules.

Voting rights were reckoned on the paid-up value of the shares registered in the name of the members as on the cut-off date. Members who desired to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-voting and the members who desired to exercise their votes by physical postal ballot form

were requested to return the duly completed and signed form, to the scrutiner on or before the close of voting period.

The scrutiner submitted her reports to Mr. Niranjana Kumar Goenka, authorised person of the Company after completion of the scrutiny and the consolidated results of the voting by postal ballot and remote e-voting and then Mr. Niranjana Kumar Goenka, announced the result on 27 March 2020. All the proposed resolutions were passed with requisite majority and the results of postal ballots are also displayed on the website of the Company, www.shilgroup.com, besides communicated to the stock exchanges. The date of declaration of the results by the Company was 27 March 2020 and the date of passing of the resolution was 26 March 2020.

**E. DISCLOSURES****Disclosure of Accounting Treatment**

The Company followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

**Risk Management**

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

### **Disclosure of Commodity Price Risks and Hedging Activities**

Please refer Note No. 37 of the Consolidated Financial Statements, which form part of the Annual Report.

### **Strictures/Penalties**

No strictures/penalties were imposed on the Company by Stock Exchanges or SEBI or any statutory authority, or any matter related to capital markets since incorporation of the Company on 28 September 2017.

### **Proceeds from public issues, right issues, preferential issues**

During the financial year 2019-20, the Company did not raise capital through public, rights and/or preferential issue. However, the shareholders of HSIL Limited were allotted equity shares of the Company in the ratio of 1:1 pursuant to the Composite Scheme of Arrangement (Demerger) between HSIL Limited, Company and Brilloca Limited under sections 230 to 232 of the Companies Act, 2013 approved by National Company Law Tribunal, Kolkata Bench on 26 June 2019.

### **Management Discussion and Analysis Report**

The Management Discussion and Analysis Report forms a part of the Annual Report and is in accordance with the requirements laid down in Regulation 34 of the Listing Regulations.

No material transaction was entered into by the Company with the Promoters, Directors or the Senior Management that may have a potential conflict with the Company's interest.

### **Vigil mechanism (Whistle Blower) Policy**

The Company has put in place a mechanism for reporting illegal, unethical behavior, malpractice, impropriety, abuse, insider trading or wrongdoing. The Company has a Vigil Mechanism (Whistle Blower) Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct.

The email Id where employees can post their complaints/observations is "vigilmec@shilgroup.com". During the year under review, no employee was denied access to Audit Committee.

### **Performance Evaluation**

Pursuant to the provisions of the Act and Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually, Chairman as well as the evaluation of the working of its Nomination and Remuneration Committee. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Boards functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution

and performance of specific duties, obligation and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors and the Directors expressed their satisfaction with the evaluation process.

### **Somany Home Innovation Limited Code of Conduct for the Prevention of Insider Trading**

The Company has created its Code of Conduct for the Prevention of Insider Trading in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

The Code of Conduct for Prevention of Insider Trading, inter alia, prohibits purchase/sale of Company's shares, while in possession of Company's unpublished and price-sensitive information and accordingly necessary procedures have been laid down for the Designated Persons and others as prescribed under the said code for trading in the Company's securities.

Somany Home Innovation Limited - Code of Practices and Procedures for Fair Disclosures is available on the Company's website [www.shilgroup.com](http://www.shilgroup.com).

### **Subsidiary Companies**

Somany Home Innovation Limited has Brilloca Limited as its material non-listed Indian subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are circulated with the agenda of the Board meeting to the Company's Board of Directors. The policy on Material Subsidiaries is available on the Company's website at the link <http://www.shilgroup.com/pdf/Policy-on-Material-Subsidiaries.pdf>

### **Particulars of Director seeking re-appointment**

Pursuant to provisions of the Act, Mr. Sandip Somany shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

For detailed particulars on the Director seeking re-appointment, please refer to Notice dated 23 June 2020 of the Annual General Meeting scheduled to be held on 3 September 2020.

### Training of Independent Directors

As per Regulation 25(7) of Listing Regulations, the Company provides suitable training to the Independent Directors to familiarise them with the Company, their roles, rights, responsibilities, nature of the industry in which the Company operates, business model of the Company and any other relevant information, if any. The details of such training imparted are also required to be disclosed in the Annual Report.

The Company provides an orientation and business overview to all its new Directors and provides materials and briefing sessions periodically to all Directors which assist them in discharging their duties and responsibilities.

The details of programmes conducted for familiarisation of Independent Directors with the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <http://www.shilgroup.com/training-of-directors.php>.

Further, the Company issues a formal letter of appointment to Independent Directors outlining their roles, responsibilities, functions and duties as an Independent Director. The format of the letter of appointment is available on the Company's website at the link: <http://www.shilgroup.com/appointment-letter-to-independent-directors.php>

### Adoption of mandatory and non-mandatory requirements of Listing Regulations

The Company has complied with all mandatory requirements of Listing Regulations. The Company has adopted following non-mandatory requirements of the Listing Regulations:

#### Audit Qualification

The Company is in the regime of unqualified financial statements.

#### Reporting of Internal Auditor

The Internal Auditor directly reports to the Audit Committee.

#### Certificate from a Company Secretary in Practice

The certificate from a Company Secretary in Practice, stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority, is enclosed to this Report.

#### Deviations, if any, of mandatory recommendations by the Committees to the Board of Directors

During the year, there was no instance wherein the Board of Directors of the Company did not accept any recommendation of the Committees.

### Details of total fees paid to Statutory Auditor

The details of total fees for all services paid by the Company and its subsidiaries for the FY 2019-20, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, are as follows:

(₹ in lakh)		
S. No.	Nature of Services	Amount
1.	Audit Fees	20.80
2.	Other Services	13.60
<b>Total</b>		<b>34.40</b>

### Sexual Harassment of Women at Workplace

The disclosures in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are mentioned in the Directors' Report which form part of this Annual Report.

## F. MEANS OF COMMUNICATION

### Results

The Quarterly, Half yearly and Annual results are submitted to the Stock Exchange(s) in accordance with Listing Regulations. Further, the quarterly/half yearly/annual results in the prescribed format, are published within 48 hours in prominent daily newspaper, such as 'The Financial Express' english daily and 'Ekdin' vernacular newspaper. All vital information of the Company's performance, including Financial Results, Annual Reports and Shareholding Pattern have been posted on the Company's website i.e. [www.shilgroup.com](http://www.shilgroup.com).

### News releases, presentations, among others

Official news releases and official media releases etc. are displayed on the Company's website i.e. [www.shilgroup.com](http://www.shilgroup.com).

### Presentation

The Company makes financial presentations to institutional investors, mutual funds and others who have invested or intends to invest in the Company's share capital and such presentations are available on the website of the Company.

### Website

The Company's website i.e. [www.shilgroup.com](http://www.shilgroup.com) contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

### Annual Report

The Annual Report containing, inter alia, Audited Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report, Business Responsibility Report, if applicable, and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website i.e. [www.shilgroup.com](http://www.shilgroup.com).

**NSE Electronic Application Processing System (NEAPS)**

The NEAPS is a web-based application designed by NSE for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, results and other requirement of Listing Regulations, media releases, among others are filed electronically on NEAPS by the Company.

**BSE Corporate Compliance & Listing Centre (the 'Listing Centre')**

BSE's Listing Centre is a web-based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, results, media releases, among others are also filed electronically on the Listing Centre by the Company.

**SEBI Complaints Redress System (SCORES)**

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**Designated Exclusive email-id**

The Company has designated the email-id investors@shilgroup.com exclusively for investor servicing.

**G. SHAREHOLDER INFORMATION****Company Registration Details**

The Company is registered with the Registrar of Companies, in the State of West Bengal, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L74999WB2017PLC222970.

**Contact Information****Registered Office**

2, Red Cross Place  
Kolkata - 700 001  
Phone: +91 - 33 -2248 7406/5668  
email: investors@shilgroup.com

**Corporate Office**

Plot No. 68, Echelon Institutional Area,  
Sector-32, Gurugram, Haryana-122001  
Phone: +91- 124-2889300  
Fax: +91-124-429 2898-99  
Email: payal@hindware.co.in

**Plant locations**

N.A. since engaged into trading activities.

**Company Secretary**

Ms. Payal M. Puri

**Annual General Meeting**

The 3<sup>rd</sup> Annual General Meeting is scheduled to be held on 3 September 2020.

**Financial Calendar**

The Company follows April to March as its financial year. The results for every quarter, beginning from April, will be declared within 45 days of the end of quarter, except for the last quarter, which will be submitted, along with the annual audited results within 60 days of the end of the last quarter, as permitted under the Listing Regulations.

**Date of Book Closure**

Wednesday, 26 August 2020 to Thursday, 3 September 2020 (both days inclusive).

**Dividend Payment Date**

On or before 14 September 2020

**Listing on Stock Exchanges**

The Stock Exchanges at which the Company's equity shares are listed, and the respective stock codes are:

National Stock Exchange of India Ltd. (NSE) listed on 26 December 2019: SHIL

BSE Ltd. (BSE) listed on 26 December 2019: 542905

International Securities Identification Number (ISIN) of the Company's equity shares, having face value of ₹ 2 each, is INE 05AN 01011.

Listing fees for the financial year 2020-21 have been paid to the Stock Exchanges.

**Registrar and Share Transfer Agent**

M/s. Maheshwari Datamatics Private Limited is the Company's Registrar and Share Transfer Agent (RTA) for its equity shares. The contact details of RTA are: Maheshwari Datamatics Private Limited, 23, R. N. Mukherjee Road, 5th Floor, Kolkata -700 001  
Phone: +91-33- 2243 5029/2248 2248  
Fax: +91-33- 2248 4787  
Email: mdpldc@yahoo.com

**Share Transfer System**

The entire shares of the Company are in dematerialised form. The dematerialised shares are transferred directly to the beneficiaries through Depositories.

The Company, however, constituted a Committee to consider and approve applications for re-materialisation/transmission/transposition/internal transfer/issuance of duplicate certificate etc. for physical shares, if any received in future.

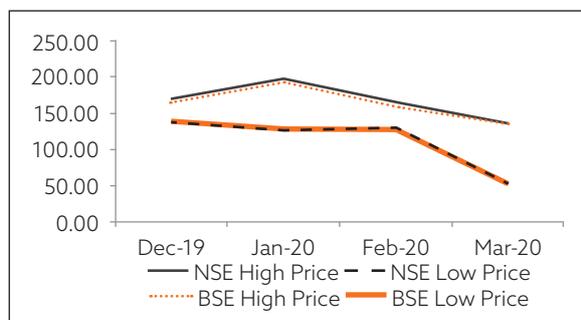
**Market Price Data**

Monthly stock market data of the Company's high-and-low prices of equity shares from December 2019 to March 2020 and their performance, in comparison with the broad-based index, comprise:

### Monthly Stock Market Data\*

Month	NSE		BSE	
	High Price	Low Price	High Price	Low Price
Dec-19	170.00	138.55	165.00	137.15
Jan-20	197.80	128.80	192.80	127.10
Feb-20	164.85	128.20	158.85	129.55
Mar-20	136.10	53.55	134.60	53.25

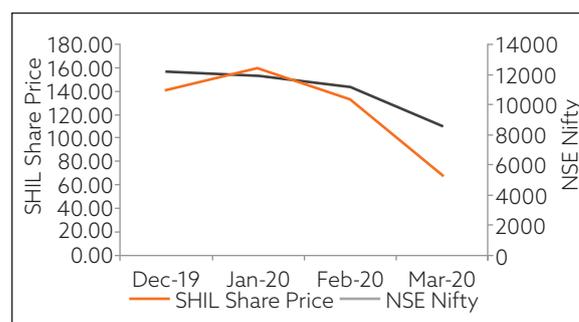
### Monthly NSE and BSE prices of equity shares



### Monthly closing price of Somany Home Innovation Limited (SHIL) shares on NSE and NSE Nifty\*

Month	NSE	NSE Nifty
Dec-19	142.05	12168.45
Jan-20	158.45	11962.10
Feb-20	132.85	11201.75
Mar-20	67.95	8597.75

### Monthly closing prices of SHIL shares on NSE and NSE NIFTY



### SHIL- Somany Home Innovation Limited

\*Data is provided from December 2019 as equity shares of the Company were listed on the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited on 26 December 2019.

### Distribution of Shareholding as on 31 March 2020

Number of Shares held	Shareholders		Shares	
	Number	% of Total	Number	% of Total
Up to 500	23816	82.17	2483566	3.43
501-1,000	2297	7.93	1814698	2.51
1,001-2,000	1772	6.11	2562826	3.54
2,001-3,000	442	1.53	1110265	1.54
3,001-4,000	193	0.67	676052	0.94
4,001-5,000	111	0.38	511830	0.71
5,001-10,000	196	0.68	1394661	1.93
10,001 and above	154	0.53	61742497	85.40
<b>Total</b>	<b>28981</b>	<b>100.00</b>	<b>72296395</b>	<b>100.00</b>

### Category of Shareholders as on 31 March 2020

Category	No. of Shares of ₹ 2 each	% of Total
Promoter	36299787	50.21
Mutual Fund/UTI	12709483	17.58
Alternative Investment Funds	2858152	3.95
Foreign Portfolio Investors	2524584	3.49
Financial Institutions/Banks	161546	0.22
Insurance Companies	-	-
Foreign Institutional Investors	-	-
Foreign National	207	0.00
Domestic Companies/Bodies Corporate	2869514	3.98
Non-Resident Individual	1360608	1.88
Others	13512514	18.69
<b>Total</b>	<b>72296395</b>	<b>100.00</b>

**Dematerialisation of Shares**

Particulars of Shares	Shares of ₹ 2 each	
	Number	% of Total
Dematerialised Form		
National Securities Depository Ltd. (NSDL)	66718524	92.28
Central Depository Services (India) Ltd. (CDSL)	5577871	7.72
Physical Form	-	-
<b>Total</b>	<b>72296395</b>	<b>100.00</b>

**The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.**

**Disclosure in respect of equity shares transferred in the Company's unclaimed suspense account**

Details	No. of Shareholders	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1 April 2019	Nil	Nil
Aggregate number of shareholders and the shares transferred in the suspense account during the year	1,260	6,82,022
Shareholders who approached the Company for transfer of shares from suspense account during the year	38	20,910
Shareholders to whom shares were transferred from the suspense account during the year	15	11,710
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 March 2020	1,245	6,70,312

The voting rights on the shares outstanding in the suspense account as on 31 March 2020 shall remain frozen till the rightful owner of such shares claims the shares.

**Credit Ratings**

The Company has obtained the following credit ratings during the financial year:

Name of the Agency	Facilities	Amount (₹ in crore)	Rating
Care Ratings Limited (CARE)	Long term Bank Facilities	159.00	CARE A+; Stable (Single A Plus; Outlook: Stable)
	Short Term Bank Facilities	20.00	CARE A1+ (A One Plus)

**H. CODE OF CONDUCT**

The Company's Board of Directors laid down and adopted a Code of Conduct under Corporate Governance for all the Directors and the Senior Management Personnel of your Company. The said Code of Conduct has also been posted on the Company's website. The Board members and Senior Management Personnel have affirmed their compliance with the Code of Conduct for FY 2019-20.

A declaration signed by the Company's Chairman and Non-Executive Director to this effect is enclosed at the end of this report.

**I. CEO AND CFO CERTIFICATION**

The Certificate, as required under Regulation 17 (8) of the Listing Regulations, duly signed by the Whole-time Director & Chief Executive Officer and Chief Financial Officer was placed before the Board, and the same is enclosed to this report and forms part of the Annual Report.

**J. CERTIFICATION BY SECRETARIAL AUDITORS**

As required under Listing Regulations, M/s. DMK Associates, Company Secretaries, the Company's Secretarial Auditors, have verified the compliances of the Corporate Governance by the Company. We have obtained a Certificate affirming the compliance from M/s. DMK Associates, Company Secretaries, and the same is enclosed to this Report and forms a part of the Annual Report.

**Declaration by Chief Executive Officer (CEO) under Listing Regulations regarding adherence to the Code of Conduct**

In accordance with Listing Regulations, I hereby confirm that all the Directors and the Senior Management Personnel have affirmed compliance with their respective code of conduct, as applicable to them, for the year ended 31 March 2020.

Place: Gurugram  
Date: 23 June 2020

**Rakesh Kaul**  
Whole-time Director and CEO

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
**SOMANY HOME INNOVATION LIMITED**  
2 RED CROSS PLACE  
KOLKATA 700001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Somany Home Innovation Limited** having **CIN: L74999WB2017PLC222970** and having registered office at 2 Red Cross Place Kolkata 700001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial year ended on 31 March 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of appointment
1	Mr. Sandip Somany	00053597	28/09/2017
2	Mr. Salil Kumar Bhandari	00017566	14/09/2019
3	Mr. Nand Gopal Khaitan	00020588	14/09/2019
4	Mr. Ashok Jaipuria	00214707	14/09/2019
5	Mr. Rakesh Kaul (WTD)	08560772	17/09/2019
6	Ms. Anisha Motwani	06943493	11/02/2020

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For DMK Associates**  
Company Secretaries

**MONIKA KOHLI**  
**B. Com(H), FCS, LL.B, IP**  
Partner  
FCS 5480  
C.P. 4936  
UDIN : F005480B000361165

Place: New Delhi  
Date: 20 June 2020

## CEO/CFO Certification

To  
The Board of Directors

We hereby certify that:

- a) We have reviewed financial statements and cash flow statement of Somany Home Innovation Limited ('the Company') for the quarter and year ended 31 March 2020 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the above said period which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept the responsibility of establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - i. significant changes in internal control over financial reporting during the above said period;
  - ii. significant changes in accounting policies during the above said period and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Rakesh Kaul**  
Whole-time Director & CEO

**Naveen Malik**  
Chief Financial Officer

Place: Gurugram  
Date: 23 June 2020

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Somany Home Innovation Limited

1. We have examined the compliance of the conditions of corporate governance by Somany Home Innovation Limited ("the Company") for the year ended 31 March 2020 as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

### Management's Responsibility

2. The compliance of conditions of corporate governance is the responsibility of the management of the Company. This responsibility includes the designing, implementing and operating effectiveness of internal control to ensure compliance with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations.

### Our Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

### Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended 31 March 2020.
6. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For DMK Associates**  
Company Secretaries

**CS MONIKA KOHLI**  
Partner  
FCS 5480  
C.P. 4936  
UDIN : F005480B000361198

Place: New Delhi  
Date: 20 June 2020

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Somany Home Innovation Limited

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

We have audited the standalone financial statements of Somany Home Innovation Limited ("the Company"), which comprise the Balance sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its Profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Emphasis of Matter

###### Attention is drawn to:

i) Note no. 51 which describes the uncertainties and the impact of COVID-19 pandemic on the Company's operations and performance as assessed by the management. Further, due to COVID-19 related lock-down/ restrictions, management could perform year end physical verification of inventories at certain locations subsequent and near to year end. However, we could not been able to physically observe the verification of inventories that was carried out by the Management. Consequently, we have performed alternate procedures to audit the existence of Inventory as per the guidance provided by in SA 501 "Audit Evidence – Specific Considerations for Selected Items" and have obtained sufficient audit evidence to issue our unmodified opinion on these standalone financial statements.

Further, opinion of the management on the carrying value of assets and liabilities and COVID-19 impact on the operations, as stated in the said note.

ii) The appointment and managerial remuneration of ₹ 83.72 lakh paid to a Wholetime director of the company is subject to approval by the shareholders in ensuing Annual General Meeting. (Refer Note no. 44 (1))

Our opinion is not modified in respect of the above matters.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Description of Key Audit Matter	How our audit addressed the key audit matter
<p><b>Payment of managerial remuneration :</b> The appointment and managerial remuneration of ₹ 83.72 lakh paid to a Whole-time director of the company is subject to approval by the shareholders in ensuing Annual General Meeting.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>› We have reviewed the terms and conditions related to appointment of Wholetime director(WTD), as approved by the Board of directors.</li> <li>› Examined the process and related documents</li> <li>› We reviewed the minutes and forms submitted to MCA.</li> <li>› We calculated the profit for the purpose of arriving at limit prescribed under the Section 197 and Schedule V of the Act and salary paid/provided in relation to said WTD and concluded that remuneration paid is in excess of limit prescribed by the Act and provisions thereof.</li> </ul> <p>Considering the legal provisions and reporting involved in this matter, we have consider this matter as a Key audit matter and reported accordingly.</p>

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for

preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- › Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- › Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013 we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- › Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- › Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- › Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the financial year ended 31st March 2020

and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

#### Other Matter

- 1) As stated in Note no. 47, financial statements for the year ended 31st March 2019 are restated audited figures after giving impact of the scheme approved by the Hon'ble NCLT Kolkata Bench on 26th June 2019 and effective from 1st April 2018 which has been approved by Board of Directors. The restated financial statements for the year ended 31st March 2019 are to be adopted by the shareholders.

Our opinion on above matter is not modified.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matter to be included in the Auditors' report under Section 197(16), as amended:

In our opinion and according to the information and explanation given to us, the managerial remuneration paid/provided during the current year by the Company is in accordance with the provisions of section 197 of the act [refer note 44(1)].

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors)

Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 41 to the standalone financial statements;
- ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**

Chartered Accountants  
ICAI Firm Registration Number: 301051E

**N. K. Lodha**

Partner  
Membership Number: 85155  
UDIN: 20085155AAAACS4087

Place: New Delhi  
Date: 23 June 2020

## ANNEXURE – A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Somany Home Innovation Limited on the standalone financial statements for the year ended 31st March 2020, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company is not having any immovable property, hence reporting under this clause is not applicable.
- (ii) As per the information and explanation given to us, the inventories of the Company, have been physically verified by the management at reasonable intervals during the year. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
- (iii) According to the records and information and explanation made available to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.
- (b) According to the records and information & explanations given to us, there are no dues in respect of income tax or sales tax or service tax or duty of custom or goods and services tax or duty of excise or value added tax that have not been deposited with the appropriate authorities on account of any dispute except as given below:

Name of Statute	Nature of Due	Period	Amount involved (In lakh)	Forum where matter is pending
Finance Act 1994	Service Tax	2013-14	37.57	The Hon'ble Supreme Court of India

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security (read with Note no. 47).
- (v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, Goods and Service Tax, custom duty, cess and other material statutory dues, with the appropriate authorities. There were no undisputed statutory dues payable as at March 31, 2020 which were outstanding for a period of more than six months from the date they become payable.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). On the basis of information and explanation given to us, term loans have been applied for the purposes for which they were obtained.
- (x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) On the basis of records and information and explanations made available and based on our examinations of the records of the company, managerial remuneration has been paid / provided to a Wholetime director is in accordance with the

provisions of Section 197 read with Schedule V of the Act {read with note no. 44(1)}.

- (xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.
- (xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related party transactions entered during the year, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no.44)
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **LODHA & CO.**

Chartered Accountants

ICAI Firm Registration Number: 301051E

**N. K. Lodha**

Partner

Membership Number: 85155

UDIN: 20085155AAAACS4087

Place: New Delhi

Date: 23 June 2020

## ANNEXURE – B TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Somany Home Innovation Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls

over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LODHA & CO.**

Chartered Accountants

ICAI Firm Registration Number: 301051E

**N. K. Lodha**

Partner

Membership Number: 85155

UDIN: 20085155AAAACS4087

Place: New Delhi

Date: 23 June 2020

# STANDALONE BALANCE SHEET

as at 31 March 2020

Particulars	Note	(₹ in lakh)	
		As at 31 March 2020	As at 31 March 2019 (Refer note 47)
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	7,871.40	2,463.98
(b) Capital work-in-progress		251.98	380.08
(c) Other intangible assets	5	37.81	78.24
(d) Financial assets			
(i) Investments	6	187.28	167.28
(ii) Loans	7	369.48	331.00
(e) Income-tax assets (net)		0.38	-
(f) Deferred tax assets (net)	21	3,339.00	2,711.81
(g) Other non-current assets	8	491.42	207.37
<b>Total non-current assets</b>		<b>12,548.75</b>	<b>6,339.76</b>
<b>2 Current assets</b>			
(a) Inventories	9	13,418.69	10,786.21
(b) Financial assets			
(i) Trade receivables	10	11,717.99	8,760.57
(ii) Cash and cash equivalents	11	40.09	869.77
(iii) Bank balances other than (ii) above	12	-	2.17
(iv) Loans	13	6.82	2.68
(v) Other financial assets	14	8.44	0.04
(c) Other current assets	15	2,001.53	1,788.49
<b>Total current assets</b>		<b>27,193.56</b>	<b>22,209.93</b>
<b>Total assets</b>		<b>39,742.31</b>	<b>28,549.69</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	16	1,445.93	-
(b) Equity share capital Suspense account	16 a	-	1,445.93
(c) Other equity	17	7,658.95	6,786.38
<b>Total equity</b>		<b>9,104.88</b>	<b>8,232.31</b>
<b>2 Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	1,425.00	1,500.00
(ii) Other financial liabilities	19	4,532.78	123.12
(b) Provisions	20	166.97	118.75
(c) Other non-current liabilities	22	44.20	19.74
<b>Total non-current liabilities</b>		<b>6,168.95</b>	<b>1,761.61</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	12,249.67	10,373.76
(ii) Trade payables			
- Due to micro and small enterprise	24	1,796.96	950.61
- Due to others	24	4,670.48	2,518.25
(iii) Other financial liabilities	25	4,786.55	4,374.37
(b) Other current liabilities	26	752.61	264.83
(c) Provisions	27	212.21	73.95
<b>Total current liabilities</b>		<b>24,468.48</b>	<b>18,555.77</b>
<b>Total liabilities</b>		<b>30,637.43</b>	<b>20,317.38</b>
<b>Total equity and liabilities</b>		<b>39,742.31</b>	<b>28,549.69</b>

Notes 1 to 57 form an integral part of these standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

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

**Rakesh Kaul**  
Whole-time Director and CEO  
DIN: 08560772

**Sandip Somany**  
Chairman  
DIN: 00053597

**N. K. Lodha**  
Partner  
M. No. 85155  
Place : New Delhi  
Date : 23 June 2020

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

**Naveen Malik**  
Chief Financial Officer

Place : Gurugram  
Date : 23 June 2020

# STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019 (Refer note 47)
I Revenue from operations	28	45,143.92	39,663.70
II Other income	29	2,906.07	43.73
<b>III Total income</b>		<b>48,049.99</b>	<b>39,707.43</b>
<b>IV Expenses</b>			
Purchases of stock-in-trade	30	31,150.10	27,478.86
Changes in inventories of stock-in-trade	31	(2,632.48)	(2,215.66)
Employee benefits expense	32	4,977.55	4,489.27
Finance costs	33	1,312.94	823.45
Depreciation and amortisation expense	34	2,183.20	554.37
Other expenses	35	10,804.54	11,436.41
<b>Total expenses</b>		<b>47,795.85</b>	<b>42,566.70</b>
<b>V Profit before exceptional items and tax</b>		<b>254.14</b>	<b>(2,859.27)</b>
<b>VI Exceptional items</b>		-	-
<b>VII Profit before tax</b>		254.14	(2,859.27)
<b>VIII Tax expense</b>	36		
(1) Deferred tax		(624.13)	(980.10)
<b>Total tax expense</b>		<b>(624.13)</b>	<b>(980.10)</b>
<b>IX Profit for the year</b>		<b>878.27</b>	<b>(1,879.17)</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		(8.76)	26.43
(ii) Income-tax relating to these items		3.06	(9.24)
<b>Other comprehensive income, net of tax</b>		<b>(5.70)</b>	<b>17.19</b>
<b>XI Total comprehensive income for the year</b>		<b>872.57</b>	<b>(1,861.98)</b>
<b>XII Earnings per equity share (of ₹ 2/- each):</b>			
Basic and diluted	39	1.21	(2.60)

Notes 1 to 57 form an integral part of these standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

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

**Rakesh Kaul**  
Whole-time Director and CEO  
DIN: 08560772

**Sandip Somany**  
Chairman  
DIN: 00053597

**N. K. Lodha**  
Partner  
M. No. 85155  
Place : New Delhi  
Date : 23 June 2020

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

**Naveen Malik**  
Chief Financial Officer

Place : Gurugram  
Date : 23 June 2020

# STANDALONE CASH FLOW STATEMENT

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019 (Refer note 47)
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	254.14	(2,859.27)
<b>Adjustments for:</b>		
Finance costs	1,312.94	823.45
Dividend income	(2,500.00)	-
Interest income	(42.48)	(13.50)
Gain on disposal of property, plant and equipment	(1.50)	(0.56)
Loss on disposal of property, plant and equipment	0.54	0.02
Sundry balances and liabilities no longer required, written back	(202.18)	(32.04)
Provision for expected credit loss	75.37	28.14
Provision for doubtful advances	1.72	3.68
Bad debts written off	-	6.48
Depreciation and amortisation expenses	2,183.20	554.37
Net foreign exchange gain/(loss)	39.25	-
	<b>1,121.00</b>	<b>(1,489.23)</b>
<b>Movements in working capital:</b>		
(Increase)/decrease in trade and other receivables	(3,080.22)	(2,280.06)
(Increase)/decrease in inventories	(2,632.47)	(2,215.67)
(Increase)/decrease in other assets	(460.28)	(279.11)
Increase/(decrease) in trade and other liabilities	3,207.50	2,328.72
Increase/(decrease) in provisions	186.47	90.00
	<b>(2,779.00)</b>	<b>(2,356.12)</b>
<b>Cash generated from/(used in) operations</b>	<b>(1,658.00)</b>	<b>(3,845.35)</b>
Income taxes paid	(0.38)	-
<b>Net cash generated from/(used in) operating activities</b>	<b>(1,658.38)</b>	<b>(3,845.35)</b>
<b>Cash flows from investing activities:</b>		
Payments to acquire financial assets	(20.00)	-
Interest received	45.16	4.99
Amounts advanced to related parties	(6.27)	-
Dividend income	2,500.00	-
Payments for property, plant and equipment	(1,131.30)	(750.70)
Proceeds from disposal of property, plant and equipment	17.55	22.64
Movement in other bank balances	2.17	83.29
<b>Net Cash generated from/(used in) investing activities</b>	<b>1,407.31</b>	<b>(639.78)</b>
<b>Cash flows from financing activities:</b>		
Movement in short term borrowings (net)	1,875.91	1,349.10
Principal payment of lease liability	(1,061.62)	-
Interest paid	(1,392.90)	(795.69)
<b>Net Cash generated from/(used in) financing activities</b>	<b>(578.61)</b>	<b>553.41</b>
<b>Net increase/(decrease) in cash and cash equivalents:</b>	<b>(829.68)</b>	<b>(3,931.72)</b>
Cash and cash equivalents at the beginning of the year	869.77	1.64
Cash and cash equivalents on account of demerger	-	4,799.85
<b>Cash and cash equivalents at the end of the year</b>	<b>40.09</b>	<b>869.77</b>

# STANDALONE CASH FLOW STATEMENT

for the year ended 31 March 2020

## The movement in liabilities from financing activities:

Particulars	As at 31 March 2019	Cashflows	Non-cashflow changes - Other		As at 31 March 2020
			Foreign exchange	Other	
Long term borrowings	1,500.00	-	-	-	1,500.00
Short term borrowings	10,373.76	1,875.91	-	-	12,249.67
<b>Total liabilities from financing activities</b>	<b>11,873.76</b>	<b>1,875.91</b>	-	-	<b>13,749.67</b>

Particulars	As at 31 March 2018	Cashflows	Non-cashflow changes - Other		As at 31 March 2019
			Foreign exchange	Other*	
Long term borrowings	-	-	-	1,500.00	1,500.00
Short term borrowings	6.00	1,349.10	-	9,018.66	10,373.76
<b>Total liabilities from financing activities</b>	<b>6.00</b>	<b>1,349.10</b>	-	<b>10,518.66</b>	<b>11,873.76</b>

\*Transfer due to Scheme as on 1 April 2018 (Refer note 47)

### Notes:-

- The Scheme is cash neutral, hence cash neutral items have not been considered/disclosed in this statement (read with note 47 and note 11).
- Previous year's figures have been re-grouped/re-arranged wherever necessary.
- The Cash flow statement has been prepared under the Indirect method as set out in Indian Accounting Standard (Ind As 7) statement of Cash flows.

Notes 1 to 57 form an integral part of these standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

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

**Rakesh Kaul**  
Whole-time Director and CEO  
DIN: 08560772

**Sandip Somany**  
Chairman  
DIN: 00053597

**N. K. Lodha**  
Partner  
M. No. 85155  
Place : New Delhi  
Date : 23 June 2020

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

**Naveen Malik**  
Chief Financial Officer

Place : Gurugram  
Date : 23 June 2020

# STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

## a. Equity share capital

(₹ in lakh)

Particulars	Number of shares	Amount
<b>Issued and paid up capital</b>		
<b>Balance as at 31 March 2018</b>	5,00,000	10.00
Less: Paid up shares capital cancelled during the year due to Scheme (Refer note 47)	(5,00,000)	(10.00)
<b>Balance as at 31 March 2019</b>	-	-
Share issue pursuant to the Scheme of arrangement (Refer note 47)	7,22,96,395	1,445.93
<b>Balance as at 31 March 2020</b>	<b>7,22,96,395</b>	<b>1,445.93</b>

## b. Share capital suspense account

(₹ in lakh)

Particulars	Amount
<b>Issued and paid up capital</b>	
<b>Balance as at 31 March 2018</b>	
Share suspense account (Refer note 47)	1,445.93
<b>Balance as at 31 March 2019</b>	<b>1,445.93</b>
Share issue pursuant to the Scheme of arrangement (Refer note 47)	(1,445.93)
<b>Balance as at 31 March 2020</b>	<b>-</b>

## c. Other equity

(₹ in lakh)

Particulars	Reserves and surplus				Other comprehensive income	Total
	Securities Premium Account	Capital Reserve	General Reserve	Retained Earnings	Actuarial gain/(loss)	
<b>Balance as at 31 March 2018</b>	-	-	-	(5.03)	-	(5.03)
Transferred as per Scheme of arrangement (Refer note 47)	3,325.92	-	1,125.22	4,188.93	3.32	8,643.39
Paid up share capital cancelled pursuant to Scheme of arrangement (Refer note 47(b)).	-	10.00	-	-	-	10.00
<b>Balance as on 1 April 2018</b>	<b>3,325.92</b>	<b>10.00</b>	<b>1,125.22</b>	<b>4,183.90</b>	<b>3.32</b>	<b>8,648.36</b>
Profit for the year	-	-	-	(1,879.17)	-	(1,879.17)
Other comprehensive income for the year (net of income tax)	-	-	-	-	17.19	17.19
Total comprehensive income for the year	-	-	-	(1,879.17)	17.19	(1,861.98)
<b>Balance as at 31 March 2019</b>	<b>3,325.92</b>	<b>10.00</b>	<b>1,125.22</b>	<b>2,304.73</b>	<b>20.51</b>	<b>6,786.38</b>
Profit for the year	-	-	-	878.27	-	878.27
Other comprehensive income for the year (net of income tax)	-	-	-	-	(5.70)	(5.70)
Total comprehensive income for the year	-	-	-	878.27	(5.70)	872.57
<b>Balance as at 31 March 2020</b>	<b>3,325.92</b>	<b>10.00</b>	<b>1,125.22</b>	<b>3,183.00</b>	<b>14.81</b>	<b>7,658.95</b>

Notes 1 to 57 form an integral part of these standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

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

**Rakesh Kaul**  
Whole-time Director and CEO  
DIN: 08560772

**Sandip Somany**  
Chairman  
DIN: 00053597

**N. K. Lodha**  
Partner  
M. No. 85155  
Place : New Delhi  
Date : 23 June 2020

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

**Naveen Malik**  
Chief Financial Officer

Place : Gurugram  
Date : 23 June 2020

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 1. CORPORATE INFORMATION

Somany Home Innovation Limited (the 'Company') is a public limited company incorporated in India under the Companies Act 2013. The registered office of the Company is situated in Kolkata and the corporate office is in Gurugram. The Company is into the business of selling and trading of Consumer products and Retail business. The equity shares of the Company is listed at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

### 2. APPLICATION OF NEW AND REVISED INDIAN ACCOUNTING STANDARD ("IND AS")

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the standalone financial statements are authorised have been considered in preparing these standalone financial statements.

#### 2.1 Recent accounting pronouncements

##### A. Application of New Accounting Pronouncements

The Company applied for the first-time amendments to the following standards from 1 April 2019.

##### (i) Ind AS 116, Leases:

Effective 1 April 2019, the Company has adopted Ind AS 116 "Leases" and applied to its Lease contracts existing on 1 April 2019, using the modified retrospective method (simplified approach). On transition date i.e. 1 April 2019, the Company has recognised Right of Use Assets (ROU) and equivalent lease liability. Accordingly, the comparatives for the year ended 31 March 2019 have not been retrospectively adjusted.

##### (ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:

The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

##### (iii) Amendment to Ind AS 12, Income Taxes:

The amendment clarifies that an entity shall recognise income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on

behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. Further, Dividend Distribution Tax (DDT) is not applicable with effective from 1 April 2020, hence Income tax consequences related to DDT no more payable by the Company from financial year 2020-21.

##### (iv) Amendment to Ind AS 23, Borrowing Costs:

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company's existing policy is in line with these amendments and there is no effect on its Financial Statements.

#### B. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. Till the date of approval of this financial statements there is no such notification which is made applicable from 1 April 2020.

### 3. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

#### 3.1 Statement of compliance with Indian Accounting Standards (Ind AS)

The standalone financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the standalone financial statements for the year ended 31 March 2020 are prepared complying applicable Ind AS.

The standalone financial statement of the Company as at and for the year ended 31 March 2020 (including comparatives) were approved and authorised by the Board of Directors on 23 June, 2020

#### 3.2 Historical cost convention

These standalone financial statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

#### 3.3 Business combinations

Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

### 3.4 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

### 3.5 Revenue recognition

Revenue from contracts with customers is recognised 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 recognised 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 recognised when the Company 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 Company 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 Company accounts for warranties in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

#### Rendering of services:

Revenue from services is recognised 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.

### 3.6 Leases

The Company has adopted Ind AS 116-Leases w.e.f. 1 April 2019, using the modified retrospective method (simplified approach). The Company has applied the standard to its lease contracts existing on the date of initial application (1 April 2019). The Company recorded the lease liability at the present value of the future lease payments as on initial application date of standard i.e. 1 April 2019 and Right of Use Assets (ROU) with corresponding amount. Accordingly, previous period information has not been restated and no adjustment in retained earnings has been made.

The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### 3.7 Foreign currency transactions and translations

#### Initial recognition

The Company's standalone financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

#### Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

#### Treatment of exchange difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

### 3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their

intended use or sale, are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred and reported in finance cost.

### 3.9 Employee benefits

Employee benefits include provident fund, pension fund, gratuity and compensated absences.

#### Defined contribution plans

The Company's contribution to provident fund and pension fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no legal or constructive obligation to pay contribution in addition to its fixed contribution. 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 Company.

In respect of certain employees contributions are made to a trust administrated by the Company/employees.

#### 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

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

### Long-term employee benefits

Compensated absences which are allowed to 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.

### 3.10 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 Company's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although Ind AS 12, Income Taxes, specifies limited exemptions.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

### 3.11 Operating cycle

Based on the nature of products/activities of the Company and the normal time between purchase of raw materials and their realisation in cash or cash equivalents, the Company has determined its operation cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### 3.12 Operating expenses

Operating expenses are recognised in statement of profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Company incurs an obligation, which is usually when the related goods are sold.

### 3.13 (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 Company recognises the new part and is depreciated accordingly. Further, when major overhauling/repair are performed, the cost associated with this is capitalised, if the recognition criteria are satisfied, and is then depreciated over the

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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 amortisation and impairment losses (if any). Cost related to technical assistance for new projects are capitalised.

### (c) Capital work-in-progress

Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment. Capital work-in-progress includes capital inventory.

### 3.14 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 - 10 years*
Furniture and fixtures	10 years
Office equipment	5 years
Computer	3-6 years
Vehicles	8 years**
<b>Intangible assets</b>	
Software	6 years

\*Moulds are parts of consumer appliances business of the Company, included in plant and machinery, are depreciated over a life of 10 years, which is different from life prescribed in schedule II of the Act, based on independent chartered engineer certificate.

\*\* Vehicles are being depreciated using written down value method as per life of 8 years mentioned in Schedule II of the Act.

### 3.15 Impairment of property, plant and equipment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and impairment loss

is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

### 3.16 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.

### 3.17 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 Company are segregated based on the available information.

### 3.18 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Costs of inventories are determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

### 3.19 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

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes unless the outflow of resources is considered to be remote. Contingent assets are neither recognised nor disclosed in the standalone financial statements.

### 3.20 Equity, reserves and dividend payments

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings include current and prior period retained profits. All transactions with owners of the Company are recorded separately within equity.

Dividend distribution payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

### 3.21 Earnings per share

Basic earnings or loss per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings or loss per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 3.22 Fair value measurement

The Company measures financial instruments such as investments in mutual funds, investment in certain equity shares etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- › Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- › Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- › Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 3.23 Financial instruments

#### I. Financial assets

##### a. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset, which are not at fair value through profit and loss, are added to fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

##### b. Subsequent measurement

##### (i) *Financial assets carried at amortised cost*

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### (ii) *Financial assets at fair value through other comprehensive income*

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### **(FVOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **(iii) Financial assets at fair value through profit or loss (FVTPL)**

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit and loss.

#### **c. Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets measured at amortised cost and assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 41 details how the Company determines whether there has been a significant increase in credit risk.

#### **d. Derecognition of financial assets**

A financial asset is derecognised when:

- › The Company has transferred the right to receive cash flows from the financial assets or
- › Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity transfers the financial asset, it evaluates the extent to which it retains the risk and rewards of the ownership of the financial assets. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the entity retains substantially

all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of the ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial assets. Where the Company retains control of the financial assets, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### **II. Financial liabilities**

#### **a. Initial recognition and subsequent measurement**

All financial liabilities are recognised initially at fair value and in case of borrowings and payables, net of directly attributable cost.

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Changes in the amortised value of liability are recorded as finance cost.

### **III. Fair value of financial instruments**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realisation on future date.

### **IV. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **3.24 Derivative financial instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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.

### 3.25 Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### (i) Estimation of defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to

changes in these assumptions. All assumptions are reviewed at each reporting date.

#### (ii) Estimation of current tax and deferred tax

Management judgment is required for the calculation of provision for income - taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in the standalone financial statements.

#### (iii) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain property, plant and equipment.

#### (iv) Impairment of trade receivables

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is recognised based on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

#### (v) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (refer note 42).

#### (vi) Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

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.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 4 PROPERTY, PLANT AND EQUIPMENT

Description of assets	(₹ in lakh)									
	Buildings	Leasehold improvements	Right to use - Building*	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total	
<b>I. Gross block</b>										
<b>Opening balance as at 31 March 2018</b>										
Transfer under the Scheme as on 1 April 2018 (Refer note 47)	-	1,123.55	-	1,158.60	535.60	2,161.90	421.05	169.22	5,569.92	-
<b>Balance as at 1 April 2018</b>	-	<b>1,123.55</b>	-	<b>1,158.60</b>	<b>535.60</b>	<b>2,161.90</b>	<b>421.05</b>	<b>169.22</b>	<b>5,569.92</b>	-
Additions	1.02	4.58	-	364.60	24.50	8.85	68.57	18.59	490.71	
Disposals/adjustment	-	-	-	-	(103.05)	(6.19)	(1.69)	(36.10)	(147.03)	
<b>Balance as at 31 March 2019</b>	<b>1.02</b>	<b>1,128.13</b>	-	<b>1,523.20</b>	<b>457.05</b>	<b>2,164.56</b>	<b>487.93</b>	<b>151.71</b>	<b>5,913.60</b>	
Additions	-	4.04	6,446.61	922.29	37.92	40.87	46.05	68.11	7,565.89	
Disposals/adjustment	(1.02)	(481.76)	-	(4.03)	(193.44)	(945.70)	(197.94)	(49.23)	(1,873.12)	
<b>Balance as at 31 March 2020</b>	-	<b>650.41</b>	<b>6,446.61</b>	<b>2,441.46</b>	<b>301.53</b>	<b>1,259.73</b>	<b>336.04</b>	<b>170.59</b>	<b>11,606.37</b>	
<b>II. Accumulated depreciation and amortisation</b>										
<b>Opening balance as at 31 March 2018</b>										
Transfer under the Scheme as on 1 April 2018 (Refer note 47)	-	652.14	-	81.66	395.26	1,430.08	326.31	64.26	2,949.71	-
<b>Balance as at 1 April 2018</b>	-	<b>652.14</b>	-	<b>81.66</b>	<b>395.26</b>	<b>1,430.08</b>	<b>326.31</b>	<b>64.26</b>	<b>2,949.71</b>	
Depreciation and amortisation charge for the year	-	78.50	-	162.65	26.76	172.10	54.47	25.59	520.07	
Disposals/adjustment	-	-	-	-	(18.81)	(5.32)	(1.06)	5.03	(20.16)	
<b>Balance as at 31 March 2019</b>	-	<b>730.64</b>	-	<b>244.31</b>	<b>403.21</b>	<b>1,596.86</b>	<b>379.72</b>	<b>94.88</b>	<b>3,449.62</b>	
Depreciation and amortisation charge for the year	-	74.86	1,342.70	227.47	24.71	146.92	56.02	21.07	1,893.75	
Disposals/adjustment	-	(481.76)	-	15.95	(193.44)	(944.69)	(193.31)	(59.28)	(1,856.53)	
Impairment	-	39.08	-	0.50	6.80	201.51	0.24	-	248.13	
<b>Balance as at 31 March 2020</b>	-	<b>362.82</b>	<b>1,342.70</b>	<b>488.23</b>	<b>241.28</b>	<b>1,000.60</b>	<b>242.67</b>	<b>56.67</b>	<b>3,734.97</b>	
<b>Net block (I-II)</b>										
<b>Balance as at 31 March 2020</b>	-	<b>287.59</b>	<b>5,103.91</b>	<b>1,953.23</b>	<b>60.25</b>	<b>259.13</b>	<b>93.37</b>	<b>113.92</b>	<b>7,871.40</b>	
Balance as at 31 March 2019	1.02	397.49	-	1,278.89	53.84	567.70	108.21	56.83	2,463.98	

\* Refer note 46

Refer note 18 for detail of property, plant and equipment pledged as security by the company.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 5 OTHER INTANGIBLE ASSETS

(₹ in lakh)

Particulars	Computer software	Total
<b>I. Gross block</b>		
<b>Opening balance as at 31 March 2018</b>	-	-
Transfer under the Scheme as on 1 April 2018 (Refer note 47)	325.95	325.95
<b>Balance as at 1 April 2018</b>	<b>325.95</b>	<b>325.95</b>
Additions	46.84	46.84
Disposals/adjustment	17.48	17.48
<b>Balance as at 31 March 2019</b>	<b>390.27</b>	<b>390.27</b>
Additions	0.89	0.89
Disposals/adjustment	(176.08)	(176.08)
<b>Balance as at 31 March 2020</b>	<b>215.08</b>	<b>215.08</b>
<b>II. Accumulated amortisation</b>		
<b>Opening balance as at 31 March 2018</b>	-	-
Transfer under the Scheme as on 1 April 2018 (Refer note 47)	272.90	272.90
<b>Balance as at 1 April 2018</b>	<b>272.90</b>	<b>272.90</b>
Amortisation charge for the year	34.30	34.30
Disposals/adjustment	4.83	4.83
<b>Balance as at 31 March 2019</b>	<b>312.03</b>	<b>312.03</b>
Amortisation charge for the year	41.03	41.03
Disposals	(176.08)	(176.08)
Impairment	0.29	0.29
<b>Balance as at 31 March 2020</b>	<b>177.27</b>	<b>177.27</b>
<b>Net block (I-II)</b>		
<b>Balance as on 31 March 2020</b>	<b>37.81</b>	<b>37.81</b>
Balance as on 31 March 2019	78.24	78.24

### 6 NON CURRENT INVESTMENTS\*

(₹ in lakh)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
<b>Unquoted investments (fully paid-up) (at cost)</b>				
Hindware Home Retail Private Limited (face value ₹ 10 each)	6,40,000	8.72	6,40,000	8.72
Luxxis Heating Solution Ltd (face value ₹ 10 each)	2,00,000	20.00	2,00,000	20.00
Brilloca Limited (face value ₹ 2 each)	5,00,000	10.00	5,00,000	10.00
Hintastica Private Limited (face value ₹ 2 each)	2,00,000	20.00		-
<b>Equity component in debt instruments of subsidiaries</b>				
Hindware Home Retail Private Limited		128.56		128.56
<b>Unquoted investments</b>		<b>187.28</b>		<b>167.28</b>
<b>Total investments carried at cost</b>		<b>187.28</b>		<b>167.28</b>
* Transfer due to Scheme of arrangement as on 1 April 2018 (Refer note 47)				
<b>Other disclosures</b>				
Aggregate book value of quoted investments		-		-
Aggregate amount of market value of quoted investments		-		-
Aggregate amount of unquoted investments		187.28		167.28

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 7 NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good)		
Security deposits	285.15	252.94
Loans to related parties (Refer note 44)	84.33	78.06
	<b>369.48</b>	<b>331.00</b>

### 8 OTHER NON-CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good)		
Capital advances	236.34	95.82
Prepaid Expenses	-	63.10
Balances with government authorities	255.08	48.45
	<b>491.42</b>	<b>207.37</b>

### 9 INVENTORIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(As taken and certified by the management, valued at cost or net realisable value)		
Stock-in-trade of goods acquired for trading	13,418.69	10,786.21
	<b>13,418.69</b>	<b>10,786.21</b>

#### Notes:

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

### 10 TRADE RECEIVABLES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured, considered good	137.10	62.71
Unsecured, considered good	11,580.89	8,697.86
Trade Receivables -Credit impaired	305.99	230.62
	<b>12,023.98</b>	<b>8,991.19</b>
Less: Provision for impairment/Expected credit loss	305.99	230.62
	<b>11,717.99</b>	<b>8,760.57</b>

#### Movement in the allowance for provision for impairment/Expected credit loss

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Opening balance</b>	230.62	-
Transfer under the Scheme as on 1 April 2018 (Refer note 47)	-	169.75
Expected credit losses provided for during the year (Refer note 35)	75.37	61.97
Amounts written back during the year (net)	-	(1.10)
	<b>305.99</b>	<b>230.62</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 11 CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks	35.24	775.28
Cheques, drafts in hand	-	10.43
Cash in hand	3.25	40.72
Remittance in transit	1.60	43.34
	<b>40.09</b>	<b>869.77</b>

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

### 12 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<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>

### 13 CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good)		
Interest receivable	-	2.68
Security deposit	6.82	-
	<b>6.82</b>	<b>2.68</b>

### 14 CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good)		
<b>Other financial assets</b>		
Other receivable	8.40	-
Interest accrued on deposits, loans and advances	0.04	0.04
	<b>8.44</b>	<b>0.04</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 15 OTHER CURRENT ASSETS

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good)		
Prepaid expenses	28.09	50.48
Balances with government authorities	1,292.32	899.23
Others		
- Advance to suppliers	630.04	712.98
Considered doubtful	17.14	15.42
less : Provision against Advance to Vendors	(17.14)	(15.42)
- Employee advances	35.34	3.63
- Other current assets	15.74	122.17
Considered doubtful	1.08	1.08
Less : Provision for doubtful advances	(1.08)	(1.08)
	<b>2,001.53</b>	<b>1,788.49</b>

### 16 EQUITY SHARE CAPITAL

Particulars	As at 31 March 2020		As at 31 March 2019	
	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	7,50,00,000	1,500.00
<b>Issued:</b>				
Equity shares of ₹ 2 each	7,22,96,395	1,445.93	-	-
<b>Subscribed and fully paid:</b>				
Equity shares of ₹ 2 each	7,22,96,395	1,445.93	-	-
	<b>7,22,96,395</b>	<b>1,445.93</b>	-	-

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
Equity shares outstanding at the beginning of the year	-	-	5,00,000	10.00
Add: Share issue pursuant to the Scheme of arrangement (Refer note 47)	7,22,96,395	1,445.93	-	-
Less: Paid up share capital cancelled pursuant to the Scheme of arrangement (Refer note 47)	-	-	5,00,000	10.00
<b>Equity shares outstanding at the end of the year</b>	<b>7,22,96,395</b>	<b>1,445.93</b>	-	-

#### (b) Terms and rights attached to equity shares

The Company has issued only one class of equity shares having par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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

(₹ in lakh)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	% of holding	Number	% of holding
Somany Impresa Limited (Formerly Known as Paco Exports Limited)	2,98,29,968	41.26	-	-
HDFC Trustee Co Ltd A/C Hdfc Housing Opportunities Fund-1140D November 2017 (1)	43,23,984	5.98	-	-
Sundaram Mutual Fund A/C Sundaram Emerging Small Cap - Series I	39,07,209	5.40	-	-

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

- (d) Pursuant to the Scheme of arrangement the Company had issued 7,22,96,395 Equity Shares to the Shareholders of HSIL Limited. On 23 August 2019 (Allotment date) Somany Home innovation Limited had issued one equity share for every equity share held of HSIL Limited on the date of 20 August 2019 (Record date) for consideration other than cash.

## 16 A SHARE CAPITAL SUSPENSE ACCOUNT

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Share Capital Suspense account (Refer note 47 b)	-	1,445.93

## 17 OTHER EQUITY

(₹ in lakh)

Particulars	Reserves and surplus				Other comprehensive income		Total
	Securities Premium Account	Capital Reserve	General Reserve	Retained Earnings	Actuarial gain/(loss)		
<b>Balance as at 31 March 2018</b>	-	-	-	(5.03)	-	-	<b>(5.03)</b>
Transferred as per Scheme of arrangement (Refer note 47)	3,325.92	-	1,125.22	4,188.93	3.32	-	<b>8,643.39</b>
Paid up share capital cancelled pursuant to Scheme of arrangement (Refer note 47(b)).	-	10.00	-	-	-	-	<b>10.00</b>
<b>Balance as on 1 April 2018</b>	<b>3,325.92</b>	<b>10.00</b>	<b>1,125.22</b>	<b>4,183.90</b>	<b>3.32</b>	-	<b>8,648.36</b>
Profit for the year	-	-	-	(1,879.17)	-	-	<b>(1,879.17)</b>
Other comprehensive income for the year (net of income tax)	-	-	-	-	17.19	-	<b>17.19</b>
<b>Total comprehensive income for the year</b>	-	-	-	<b>(1,879.17)</b>	<b>17.19</b>	-	<b>(1,861.98)</b>
<b>Balance as at 31 March 2019</b>	<b>3,325.92</b>	<b>10.00</b>	<b>1,125.22</b>	<b>2,304.73</b>	<b>20.51</b>	-	<b>6,786.38</b>
Profit for the year	-	-	-	878.27	-	-	<b>878.27</b>
Other comprehensive income for the year (net of income tax)	-	-	-	-	(5.70)	-	<b>(5.70)</b>
<b>Total comprehensive income for the year</b>	-	-	-	<b>878.27</b>	<b>(5.70)</b>	-	<b>872.57</b>
<b>Balance as at 31 March 2020</b>	<b>3,325.92</b>	<b>10.00</b>	<b>1,125.22</b>	<b>3,183.00</b>	<b>14.81</b>	-	<b>7,658.95</b>

### Nature and purpose of other reserves:

- Capital reserve is created on cancellation of equity shares consequent to the Scheme of Arrangement approved by the National Company Law Tribunal (Refer note 47)
- Securities premium account is used to record the premium on issue of shares. The same is utilised in accordance with the provisions of the Act.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

3. Reserves/Surplus as on 1 April 2018 has been transferred pursuant to Scheme of arrangement.
4. General reserve was created by transferring certain amount out of profits at the time of distribution of dividend in the past.

### 18 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Measured at amortised cost</b>		
<b>Secured:</b>		
Term loan from bank:		
Rupee loan	1,500.00	1,500.00
	<b>1,500.00</b>	<b>1,500.00</b>
Less: Current maturities of long term borrowings (Refer note 25)	75.00	-
	<b>1,425.00</b>	<b>1,500.00</b>

#### Terms and conditions of outstanding borrowings are as follows:

Particulars	Currency	Year of maturity	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019
Secured loan from bank - rupee loans	₹	2026-27	1,500.00	1,500.00

#### Note:

1. Loan is secured by First Pari Passu Charge on Movable Fixed Assets (PPE) of the company.
2. The interest rate for the above rupee term loans from bank is based on 1 year MCLR + 08bps.
3. Repayable in 14 half yearly instalments starting from June 2020 to December 2026.

### 19 NON-CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade deposits	179.25	123.12
Lease liability (Refer note 46)	4,353.53	-
	<b>4,532.78</b>	<b>123.12</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 20 NON-CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Provision for compensated absences	150.12	113.12
Provision for long service award	16.85	-
Provision for warranty	-	5.63
	<b>166.97</b>	<b>118.75</b>
<b>Movement in the Provisions</b>		
Balance as at the beginning of year	73.75	-
Transfer under the Scheme as on 1 April 2018 (Refer note 47)		48.12
Additional provisions recognised (included in Other expenses)	130.66	27.40
Utilised during the year	-	(1.77)
	<b>204.41</b>	<b>73.75</b>
Less: Current liability (Refer note 27)	204.41	68.12
<b>Balance as at the end of year</b>	<b>-</b>	<b>5.63</b>

#### Warranty claims:

The provision for warranty claims represent the present value of best estimate of the future outflow of economic benefits that will be required under the Company obligations for warranties under the local sale of goods. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on warranty period of certain products up to 2 years.

### 21 DEFERRED TAX ASSETS (NET)

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax asset arising on account of</b>		
Deferred tax on business losses	2,037.64	1,290.69
Difference between book balance and tax balance of property, plant and equipment	1,133.74	1,302.43
Provision for doubtful debts and loans and advances	112.91	86.35
Provision for employee benefits	54.71	32.34
	<b>3,339.00</b>	<b>2,711.81</b>
<b>Deferred tax liabilities</b>	-	-
<b>Deferred tax assets (net)</b>	<b>3,339.00</b>	<b>2,711.81</b>

#### Deferred tax liability (net) in relation to:

Particulars	As at 1 April 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2020
<b>Deferred tax liability arising on account of</b>				
Investments at fair value through OCI	-	-	-	-
<b>Sub total</b>	-	-	-	-
<b>Deferred tax asset arising on account of</b>				
Deferred tax on business losses	1,290.69	746.95	-	2,037.64
Difference between book balance and tax balance of property, plant and equipment	1,302.43	(168.69)	-	1,133.74
Provision for doubtful debts and loans and advances	86.35	26.56	-	112.91
Provision for employee benefits	32.34	19.31	3.06	54.71
<b>Sub total</b>	<b>2,711.81</b>	<b>624.13</b>	<b>3.06</b>	<b>3,339.00</b>
<b>Net deferred tax liability</b>	<b>(2,711.81)</b>	<b>(624.13)</b>	<b>(3.06)</b>	<b>(3,339.00)</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### Deferred tax liability (net) in relation to:

Particulars	As at 1 April 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2019
<b>Deferred tax liability arising on account of</b>				
Transfer pursuant to demerger Scheme (Refer note 47)	-	-	-	-
Investments at fair value through OCI	-	-	-	-
<b>Sub total</b>	-	-	-	-
<b>Deferred tax asset arising on account of</b>				
Deferred tax on business losses	-	1,290.69	-	1,290.69
Difference between book balance and tax balance of property, plant and equipment	1,649.61	(347.18)	-	1,302.43
Provision for doubtful debts and loans and advances	63.03	23.32	-	86.35
Provision for employee benefits	28.31	13.27	(9.24)	32.34
<b>Sub total</b>	<b>1,740.95</b>	<b>980.10</b>	<b>(9.24)</b>	<b>2,711.81</b>
<b>Net deferred tax liability</b>	<b>(1,740.95)</b>	<b>(980.10)</b>	<b>9.24</b>	<b>(2,711.81)</b>

## 22 OTHER NON-CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Employee related payables	44.20	19.74
	<b>44.20</b>	<b>19.74</b>

## 23 CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Secured borrowings</b>		
From banks		
Cash credit - loans repayable on demand	3,649.67	55.76
Working capital demand loan	8,600.00	10,300.00
	<b>12,249.67</b>	<b>10,355.76</b>
<b>Unsecured borrowings</b>		
From banks		
Loan taken from a company*	-	18.00
	-	<b>18.00</b>
	<b>12,249.67</b>	<b>10,373.76</b>

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

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

#### Secured borrowings

##### a) Cash credit facilities :

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, of the Company.

##### Short term loan facilities :

b) Working capital demand loan from banks repayable within 14 days to 90 days from disbursement and is secured by hypothecation of all current assets including stocks and book debts, present and future, of the Company.

c) The interest rate for the above short term borrowings varies from 7.60% p.a. to 9.75% p.a.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 24 TRADE PAYABLES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
- dues of micro and small enterprises	1,796.96	950.61
- dues of other than micro and small enterprises*	4,670.48	2,518.25
	<b>6,467.44</b>	<b>3,468.86</b>

\* Including of HSIL Limited of ₹ 1325.63 Lakh (previous year ₹ 405.52 lakh) post implementation of Scheme (Refer note 47)

#### Disclosure under MSME Act, 2006

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	As at 31 March 2020	As at 31 March 2019
Principal amount remaining unpaid to any supplier	1,578.80	950.61
Interest due thereon remaining unpaid to any supplier	170.07	59.93
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	170.07	59.93
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

### 25 CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term borrowings (Refer note 18)	75.00	-
Interest accrued but not due on borrowings	33.34	113.30
Security deposits/retention money	39.41	22.00
Others		
Employee related payables	548.42	611.73
Towards expenses payable*	3,114.35	2,392.90
Commission payable to directors	6.01	-
Gratuity payable (net of obligation)	39.26	(0.03)
Other payables	-	1,234.47
Lease liability (Refer note 46)	930.76	-
	<b>4,786.55</b>	<b>4,374.37</b>

\* Including of HSIL Limited of ₹ 436.19 Lakh (previous year ₹ Nil lakh) post implementation of Scheme (Refer note 47)

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 26 OTHER CURRENT LIABILITIES

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
Advances received from customers	349.89	222.79
Employee related payables	-	9.67
Payable towards statutory dues	376.84	32.37
Other payable	25.88	-
	<b>752.61</b>	<b>264.83</b>

### 27 CURRENT LIABILITIES - PROVISIONS

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Long-term employee benefits		
Provision for compensated absences	6.45	5.83
Provision for Long service award	1.35	-
Provision for warranty	204.41	68.12
	<b>212.21</b>	<b>73.95</b>

#### Warranty claims:

The provision for warranty claims represent the present value of best estimate of the future outflow of economic benefits that will be required under the Company obligations for warranties under the local sale of goods. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on warranty period of certain products up to 2 years.

### 28 REVENUE FROM OPERATIONS

Particulars	(₹ in lakh)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>i) Revenue from operations</b>		
Sale of goods	44,886.71	39,352.46
Other operating revenue @	257.21	311.24
	<b>45,143.92</b>	<b>39,663.70</b>
<b>Segment wise revenue information</b>		
a) Consumer products	36,157.95	30,562.96
b) Retail business	8,985.97	9,100.74
c) Others	-	-
<b>Total</b>	<b>45,143.92</b>	<b>39,663.70</b>
<b>Total income from operations</b>	<b>45,143.92</b>	<b>39,663.70</b>
<b>ii) Unsatisfied Performance Obligation</b>		
Aggregated amount of Transaction Price allocated to the contracts that are fully or partially unsatisfied at the end of the reporting period		
i) Sale of goods	349.89	222.79

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>iii) Reconciliation of contract price vis a vis revenue recognised in profit and loss statement is as follows:-</b>		
Contract Price		
a) Sale of goods	47,285.90	42,736.04
b) Other operating revenue	257.21	311.24
Adjustment:-		
Discount/Rebate	2,399.19	3,383.58
<b>Revenue recognised in the statement of profit and loss account</b>	<b>45,143.92</b>	<b>39,663.70</b>
<b>@ Other operating revenues comprise of:</b>		
Sundry balances and liabilities no longer required, written back	202.18	32.04
Excess provision of doubtful debts written back	-	33.83
Insurance claims received	55.03	10.49
Miscellaneous receipts	-	234.88
	<b>257.21</b>	<b>311.24</b>

### 29 OTHER INCOME

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on financial assets	42.48	13.50
Profit on sale of property, plant and equipment	1.50	0.56
Dividend income (Refer note 53)	2,500.00	-
Miscellaneous income	362.09	29.67
	<b>2,906.07</b>	<b>43.73</b>

### 30 PURCHASES OF TRADED GOODS

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumer appliances home furnishing and others	31,150.10	27,478.86
	<b>31,150.10</b>	<b>27,478.86</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 31 CHANGES IN INVENTORIES OF STOCK-IN-TRADE

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Inventories at the end of the year:</b>		
Stock-in-trade	13,418.69	10,786.21
	<b>13,418.69</b>	<b>10,786.21</b>
<b>Inventories at the beginning of the year:</b>		
Stock-in-trade	10,786.21	-
Stock-in-trade transferred due to Scheme of arrangement (Refer note 47)		8,570.55
	<b>10,786.21</b>	<b>8,570.55</b>
<b>Changes in inventories of stock-in-trade</b>	<b>(2,632.48)</b>	<b>(2,215.66)</b>

### 32 EMPLOYEE BENEFITS EXPENSE

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	4,429.18	4,058.96
Contribution to provident funds and other funds	221.82	169.42
Staff welfare expenses	326.55	260.89
	<b>4,977.55</b>	<b>4,489.27</b>

### 33 FINANCE COSTS

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on financial liabilities	880.40	823.45
Interest on lease liability (Refer note 46)	391.18	-
Other borrowing cost	41.36	
	<b>1,312.94</b>	<b>823.45</b>

### 34 DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation, amortisation and impairment of Property, plant and equipments (Refer note 4)	799.18	520.07
Amortisation and impairment of other intangible assets (Refer note 5)	41.32	34.30
Depreciation on right to use - Building (Refer note 4)	1,342.70	
	<b>2,183.20</b>	<b>554.37</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 35 OTHER EXPENSES

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Power and fuel	186.87	140.49
Consumption of packing material	157.96	64.54
Repairs and maintenance:		
Buildings	15.38	15.81
Plant and machinery	-	-
Others	43.52	94.83
Rent (including lease charges)	376.44	1,762.61
Rates and taxes	0.79	8.26
Directors sitting fees	2.25	-
Insurance	54.44	46.28
Travelling and conveyance	721.75	720.52
Advertisement and publicity	4,319.12	4,114.12
Transportation and forwarding	2,535.70	1,952.13
Sales promotion expenses	311.07	126.93
Other selling expenses	774.26	848.78
Provision for expected credit loss (Refer note 10)	75.37	61.97
Provision for doubtful advances/debts	1.72	3.68
Bad debts written off	-	6.48
Loss/(gain) on foreign exchange fluctuation	33.31	(16.79)
Loss on sale of property, plant and equipment	0.54	0.02
Management Fees	47.72	588.69
Miscellaneous expenses	1,146.33	897.06
	<b>10,804.54</b>	<b>11,436.41</b>

### 36 CURRENT TAX AND DEFERRED TAX

#### (a) Income tax expense through profit and loss

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Current tax:</b>		
Current income tax charge (including Minimum alternate tax)	-	-
Earlier year income tax	-	-
	-	-
<b>Deferred tax:</b>		
In respect of current year origination and reversal of temporary differences	(624.13)	(980.10)
<b>Total tax expense recognised in profit and loss account</b>	<b>(624.13)</b>	<b>(980.10)</b>

#### (b) Income tax on other comprehensive income

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Deferred Tax</b>		
Re-measurement of defined benefit obligations	3.06	(9.24)
	<b>3.06</b>	<b>(9.24)</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### (c) Numerical reconciliation between average effective tax rate and applicable tax rate :

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 34.944% (31 March 2019: 34.944%) and the reported tax expense in the statement of profit and loss are as follows:

Particulars	As at	
	31 March 2020	31 March 2019
<b>Profit/(loss) before tax</b>	254.14	(2,859.27)
Domestic tax rate for the Company	34.944%	34.944%
Latest statutory enacted income tax for the Company	88.80	(999.14)
<b>Tax effect of :</b>		
- Non deductible expenses	157.65	23.94
- Exempt income	(873.60)	-
Others	3.02	(4.90)
<b>Income-tax recognised in statement of profit and loss</b>	<b>(624.13)</b>	<b>(980.10)</b>

(₹ in lakh)

(d) There is no change in statutory enacted income-tax rate during the financial year.

(e) There is no temporary differences associated with investment in subsidiaries.

## 37 FINANCIAL INSTRUMENTS AND RISK REVIEW

### Capital management

The Company manages its capital to be able to continue as a going concern while maximising the returns to shareholders through optimisation of the debt and equity balance. The capital structure consists of debt which includes the borrowings as disclosed in note 18 & 23 and net off cash and cash equivalents as disclosed in note 11 and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings as disclosed in the Statement of changes in equity. For the purpose of calculating gearing ratio, debt is defined as non current and current borrowings (excluding derivatives). Equity includes all capital and reserves of the Company attributable to equity holders of the Company. The Company is not subject to externally imposed capital requirements. The Board reviews the capital structure and cost of capital on an annual basis but has not set specific targets for gearing ratios. The risks associated with each class of capital are also considered as part of the risk reviews presented to the Audit Committee and the Board of Directors.

The following table summarises the capital of the Company

Particulars	Note	As at	
		31 March 2020	31 March 2019
<b>Equity</b>		9,104.88	8,232.31
<b>Liquid assets (cash and cash equivalent and current investments) (a)</b>		40.09	869.77
Current borrowings	23	12,249.67	10,373.76
Non-current borrowings	18	1,425.00	1,500.00
Current maturities of non current borrowings	25	75.00	-
<b>Total debt (b)</b>		<b>13,749.67</b>	<b>11,873.76</b>
<b>Net debt [c = (b) - (a)]</b>		13,709.58	11,003.99
<b>Total capital (equity+net debt)</b>		<b>22,814.46</b>	<b>19,236.30</b>
<b>Gearing ratio</b>			
Debt to equity		151%	144%
Net debt to equity ratio		151%	134%

(₹ in lakh)

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### Categories of financial instruments Categories of financial assets/(liabilities)

(₹ in lakh)

Particulars	Notes	As at 31 March 2020			As at 31 March 2019		
		Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity
<b>Financial assets measured at amortised costs</b>							
Trade receivable	10	11,717.99	-	-	8,760.57	-	-
Loans	7,13	376.30	-	-	333.68	-	-
Other financial assets	14	8.44	-	-	0.04	-	-
Cash and bank balances	11, 12	40.09	-	-	871.94	-	-
Investments	6	187.28	-	-	167.28	-	-
<b>Total Financial assets measured at amortised costs</b>		<b>12,330.10</b>	<b>-</b>	<b>-</b>	<b>10,133.51</b>	<b>-</b>	<b>-</b>
<b>Financial assets measured at fair value</b>							
Investments		-	-	-	-	-	-
Derivative contracts		-	-	-	-	-	-
<b>Financial assets at fair value</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total financial assets</b>		<b>12,330.10</b>	<b>-</b>	<b>-</b>	<b>10,133.51</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>							
<b>Financial liabilities measured at amortised cost</b>							
Current payables	23, 24, 25	23,503.66	-	-	18,216.99	-	-
Non-current payables	19	4,532.78	-	-	123.12	-	-
Non-current borrowings	18	1,425.00	-	-	1,500.00	-	-
<b>Financial liabilities measured at amortised cost</b>		<b>29,461.44</b>	<b>-</b>	<b>-</b>	<b>19,840.11</b>	<b>-</b>	<b>-</b>
<b>Total financial assets/(liabilities)</b>		<b>(17,131.34)</b>	<b>-</b>	<b>-</b>	<b>(9,706.60)</b>	<b>-</b>	<b>-</b>

### Financial risk management objective

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company is not engaged in speculative treasury activities but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

The use of any derivative is approved by the management, which provide guidelines on the acceptable levels of interest rate risk, credit risk, foreign exchange risk and liquidity risk and the range of hedging requirement against these risks.

### Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Company is exposed to credit risk for receivables, cash and cash equivalents, short term investments, financial guarantee and derivative financial instruments.

### Cash and cash equivalents and short term investments

The Company considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant deposit balances other than those required for its day to day operations.

### Trade receivables

The Company extends credits to customer in normal course of the business. The Company considers the factors such as credit track record in the market of each customer and past dealings for extension of credit to the customer. The Company monitors the payment track record of each customer and outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located at several jurisdiction and industries and operate in large independent markets. The Company also takes advances and security deposits from customers which mitigate the credit risk to an extent.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

The average credit period taken on sales of goods is 30 to 60 days. Generally, no interest has been charged on the receivables. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Company uses an internal credit system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. There are no customers who represent more than 10 per cent of total net revenue from operations

The Company does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

### Expected credit loss :

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%)
Not due for payment	0
Up to 6 months	0
From 6 months to 1 year	0
From 1 year to 3 years	10 to 100
More than 3 years	100

### Ageing of past due trade receivables

(₹ in lakh)

Period	As at 31 March 2020	As at 31 March 2019
Not due for payment	2,407.40	3,669.28
Up to 6 months	8,557.77	4,299.15
From 6 months to 1 year	435.21	528.52
From 1 year to 3 years	454.47	355.00
More than 3 years	169.13	139.24

### Ageing of impaired trade receivables

(₹ in lakh)

Period	As at 31 March 2020	As at 31 March 2019
Up to 6 months	-	3.11
From 6 months to 1 year *	75.37	14.38
From 1 year to 3 years	61.49	73.89
More than 3 years	169.13	139.24

\* Based upon lifetime expected credit loss

### Liquidity risk:

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due.

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that it does not breach borrowing limits.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

The table below provides undiscounted cash flows towards non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date and, where applicable, their effective interest rates.

(₹ in lakh)

Particulars	As at 31 March 2020				Total
	Notes	not later than one year	later than one year and not later than five years	later than five years	
<b>Financial liabilities</b>					
Borrowings - bank loans	18,23 & 25	12,324.67	825.00	600.00	13,749.67
Current payables	24 & 25	11,558.58	-	-	11,558.58
Non-current payables	19	-	4,519.96	905.37	5,425.33
<b>Total</b>		<b>23,883.25</b>	<b>5,344.96</b>	<b>1,505.37</b>	<b>30,733.58</b>

(₹ in lakh)

Particulars	As at 31 March 2019				Total
	Notes	not later than one year	later than one year and not later than five years	later than five years	
<b>Financial liabilities</b>					
Borrowings - bank loans	18,23 & 25	10,373.76	675.00	825.00	11,873.76
Current payables	24 & 25	7,843.23	-	-	7,843.23
Non-current payables	19	-	-	123.12	123.12
<b>Total</b>		<b>18,216.99</b>	<b>675.00</b>	<b>948.12</b>	<b>19,840.11</b>

### Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including :

Forward foreign exchange contract to hedge the exchange rate risk arising on the import of its products.

### Currency risk

The Company undertakes various transactions denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Company transacts business primarily in Indian Rupee, USD and Euro. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. Certain transactions of the Company act as a natural hedge as a portion of both assets and liabilities are denominated in similar foreign currencies. For the remaining exposure to foreign exchange risk, the Company adopted a policy of selective hedging based on risk perception of the management. Foreign exchange hedging contracts are carried at fair value.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(₹ in lakh)

Particulars	Currency	As at 31 March 2020	As at 31 March 2019
Trade receivables	USD	2.97	0.19
Trade payables	USD	10.81	0.31
	EUR	0.99	-

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

Currency rate	As at 31 March 2020	As at 31 March 2019
USD	75.3859	69.1713
EUR	83.0496	77.7024

Of the above foreign currency exposures, following exposures are not hedged:

Particulars	Currency	As at	
		31 March 2020	31 March 2019
Trade receivables	USD	2.97	0.19
Trade payables	USD	10.81	0.31
	EUR	0.99	-

(₹ in lakh)

### Sensitivity analysis

The following table demonstrates the sensitivity of profit and equity in USD and Euro to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities is given below:

Currency	Change in currency exchange rate	Effect on profit before tax	
		31 March 2020	31 March 2019
USD	5%	(29.52)	(0.41)
	-5%	29.52	0.41
EUR	5%	(4.12)	-
	-5%	4.12	-

(₹ in lakh)

This is mainly attributable to the exposure outstanding on foreign currency receivables and payables in the Company at the end of each reporting period.

### Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to long term debts. Its objective in managing its interest rate risk is to ensure that it always maintain sufficient head room to cover interest payment from anticipated cash flows which is regularly reviewed by the board/nominated committee as well.

The following table demonstrates the sensitivity in the interest rate with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the interest rates is given below :

Particulars	Change in interest rate	Effect on profit before tax	
		31 March 2020	31 March 2019
Non-current borrowings	+0.50%	(7.50)	(7.50)
	-0.50%	7.50	7.50

(₹ in lakh)

### Commodity risk

The Company is exposed to the movement in the price of key traded goods in the domestic and international markets. The Company has in place policies to manage exposure to fluctuation the prices of key traded goods. The Company enter into contracts for procurement of traded goods, most of the transactions are short term fixed price contract and a few transactions are long term fixed price contracts.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 38 EMPLOYEE BENEFITS

#### A. Defined contribution plan

The Company operates defined contribution retirement benefit plans for all employees. The assets of the plans are held separately from those of the Companies in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The Company's contribution to Provident Fund and Superannuation Fund aggregating to ₹ 168.17 lakh (previous year ₹ 142.88 lakh) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

#### B. Defined benefit plans

##### Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company Scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity Scheme administered by the Birla Sun Life Insurance Company Limited. (Refer note 48)

Details of the Company's defined benefit plans are as follows:

Particulars	(₹ in lakh)	
	Gratuity (Funded plan)	
	31 March 2020	31 March 2019
Current service cost	46.14	33.65
Net interest expense/(income)	(0.33)	(0.04)
Components of defined benefit costs recognised in profit or loss	45.81	33.61
Net actuarial (gain)/loss	14.63	(24.99)
Expected return on plan assets excluding interest income	(5.87)	(1.44)
Components of defined benefit costs recognised in other comprehensive income	8.76	(26.43)
<b>I. Net asset/(liability) recognised in the balance sheet as at 31 March</b>		
1. Present value of defined benefit obligation	171.78	113.86
2. Fair value of plan assets	132.52	113.89
3. Deficit	39.26	(0.03)
4. Current portion of the above	39.26	(0.03)
<b>II. Change in the obligation during the year ended 31 March</b>		
1. Present value of defined benefit obligation at the beginning of the year*	113.86	111.13
2. Expenses recognised in the statements of profit and loss		
- Current service cost	46.14	33.65
- Interest expense	7.24	8.02
3. Recognised in other comprehensive income		
- Actuarial (gain)/loss arising from experience adjustments	(6.93)	(25.33)
- Actuarial (gain)/loss arising from financial assumption	21.56	0.34
4. Benefit payments	(10.09)	(13.95)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>171.78</b>	<b>113.86</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Gratuity (Funded plan)	
	31 March 2020	31 March 2019
<b>III. Change in fair value of assets</b>		
1. Fair value of plan assets at the beginning of the year *	113.89	104.69
2. Recognised in the statement profit and loss		
- Expected return on plan assets	7.56	8.06
3. Recognised in other comprehensive income		
- Actual return on plan assets in excess of the expected return	5.87	1.44
4. Contributions by employer (including benefit payments recoverable)	15.29	13.65
5. Benefit payments	(10.09)	(13.95)
<b>Fair value of plan assets at the end of the year</b>	<b>132.52</b>	<b>113.89</b>
<b>IV. The major categories of plan assets</b>		
The Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Company was informed by BSL that the planned assets are held in growth/fixed interest bonds.		
<b>V. Actuarial assumptions</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
1. Discount rate	6.65%	7.70%
2. Expected rate of increase in compensation level	6.50%	6.50%
3. Expected rate of return on plan assets	6.65%	7.70%
4. Attrition rate	1.00%	1.00%
5. Mortality table	IALM 2006-08	IALM 2006-08
6. Superannuation age	58	58

### VI. Sensitivity analysis

(₹ In lakh)

Particulars	31 March 2020		31 March 2019	
	Change in assumption	Effect on gratuity obligation	Change in assumption	Effect on gratuity obligation
<b>Discount rate</b>	0.50%	(11.82)	0.50%	(8.07)
	-0.50%	12.98	-0.50%	8.88
<b>Expected rate of increase in compensation level</b>	0.50%	12.10	0.50%	8.90
	-0.50%	(11.42)	-0.50%	(8.15)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the balance sheet.

### VII. Experience adjustments :

(₹ in lakh)

Particulars	FY 2019-20	FY 2018-19
1. Defined benefit obligation	171.78	113.86
2. Fair value of plan assets	132.52	113.89
3. Surplus/(deficit)	(39.26)	0.03
4. Experience adjustment on plan liabilities gain/(loss)	6.93	25.33

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

\* For opening as on 1 April 2018 transfer pursuant to Scheme of arrangement (Refer note 47 & 48)

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### C. Other long-term benefits - Compensated absences (unfunded)

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Amounts recognised in the balance sheet</b>		
Non current (Refer note 20)	150.12	113.12
Current (Refer note 27)	6.45	5.83
	<b>156.57</b>	<b>118.95</b>
<b>Amounts recognised in the statement of profit and loss</b>		
Current service cost	48.68	40.84
Interest cost	9.10	6.25
Actuarial loss	29.18	20.28
<b>Total included in employee benefits expense</b>	<b>86.96</b>	<b>67.37</b>
<b>Reconciliation of opening and closing balances of benefit obligations</b>		
<b>Change in benefit obligation</b>		
Defined benefit obligation at the beginning of the year*	118.95	81.02
Interest cost	9.10	6.25
Current service cost	48.68	40.84
Benefits paid	(49.34)	(29.44)
Actuarial loss	29.18	20.28
<b>Defined benefit obligation at the end of the year</b>	<b>156.57</b>	<b>118.95</b>

The average duration of remaining working life at the end of the reporting period is 17.81 years (Previous year 18.23 years)

\* For opening as on 1 April 2018 transfer pursuant to Scheme of arrangement (Refer note 47)

### 39 EARNINGS PER SHARE

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit/(loss) for the year attributable to owners of the Company (₹ in lakh)	878.27	(1,879.17)
Weighted average number of equity shares (nos.)	7,22,96,395	7,22,96,395
Nominal value per share (₹)	2.00	2.00
Earnings per share - basic and diluted (₹)	1.21	(2.60)

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

### 40 SEGMENT INFORMATION

Segment information, as required under Ind AS 108 "Operating Segment", has been provided in the consolidated financial statements of the company and therefore, no separate disclosure on segment information is given in these standalone financial statements.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 41 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
a) Demands raised by the service-tax authorities against which appeals have been filed	77.77	77.77
b) Claims against the Company not acknowledged as debts	80.61	-

### 42 CAPITAL AND OTHER COMMITMENTS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	309.41	185.62

### 43 PAYMENT TO STATUTORY AUDITORS (EXCLUDING GOODS AND SERVICE TAX)

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
As auditors	11.00	0.40
For taxation matter	2.00	-
Other services	5.00	-
	<b>18.00</b>	<b>0.40</b>

### 44 RELATED PARTY TRANSACTIONS

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related party relationship, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

#### List of related parties

##### Relationship

Key management personnel (KMP)

##### Name of related party

##### Executive directors

Mr. Sandip Somany- Chairman (Non-Executive Non-Independent Director)  
Mr. Rakesh Kaul - Whole-time Director & CEO (w.e.f. 17-Sep-2019)

##### Executives/Key Managerial Personnel

Mr. Naveen Mailk-Chief Financial Officer (w.e.f. 17-Sep-2019)  
Ms. Payal M Puri-Company Secretary (w.e.f. 17-Sep-2019)

##### Non-executive directors

Mr. N K Goenka (ceased w.e.f. 17-Sep-2019)  
Mr. G L Sultania (ceased w.e.f. 17-Sep-2019)  
Ms. Sumita Somany-Non-Executive Non-Independent Director (appointed on 14-Sep-2019 & ceased w.e.f. 11 March 2020)  
Mr. Ashok Jaipuria- Independent Director (w.e.f. 14-Sep-2019)  
Mr. Nand Gopal Khaitan-Independent Director (w.e.f. 14-Sep-2019)  
Mr. Salil Kumar Bhandari-Independent Director (w.e.f. 14-Sep-2019)  
Ms. Anisha Motwani-Independent Director (w.e.f. 11-Feb-2020)

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

Subsidiaries	Hindware Home Retail Private Limited Hintastica Private Limited (Incorporated on 14 November 2019) Brilloca Limited Luxxis Heating Solutions Private Limited
Step-down Subsidiaries	Halis International Limited, Mauritius (subsidiary of Brilloca Limited) Alchemy International Cooperatief U.A. (subsidiary of Halis International Limited) Haas International B.V. (subsidiary of Alchemy International Cooperatief U.A.) Queo Bathroom Innovations Limited, UK (subsidiary of Haas International B.V.)
Post employment benefit plan	Somany Provident Fund Institution

The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis.

(₹ in lakh)

Particulars	Subsidiaries		Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Transactions during the year</b>						
<b>1. Sales</b>						
Hindware Home Retail Private limited	646.49	530.61	-	-	-	-
<b>2. Investment made</b>						
Equity shares in Hintastica Private limited	20.00	-				
<b>3. Reimbursement of expenses</b>						
Hindware Home Retail Private limited	2.31	5.19	-	-	-	-
<b>4. Payment for Management support services received</b>						
Brilloca Limited	15.72	529.68	-	-	-	-
<b>5. Expenses paid to</b>						
Brilloca Limited	-	26.57	-	-	-	-
<b>6. Office rent received from</b>						
Brilloca Limited	8.40	-	-	-	-	-
<b>7. Contribution made to</b>						
Somany Provident fund Institution	-	-	-	-	34.84	-
<b>Balances outstanding at the end of the year</b>						
Hindware Home Retail Private limited						
Loan component of redeemable preference share	84.33	78.06	-	-	-	-
Other receivables	137.39	96.77	-	-	-	-
Brilloca Limited-Payable	651.78	556.25	-	-	-	-

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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:

(₹ in lakh)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Remuneration of key management personnel</b>				
Mr. Rakesh Kaul (Refer Note 1 below)	83.72	-	-	-
Mr. Naveen Malik	34.34	-	-	-
Ms. Payal M Puri	32.73	-	-	-
Commission and other payments to non executive directors	8.26	-	-	-
<b>Remuneration payable</b>				
Mr. Rakesh Kaul	6.72	-	-	-
Mr. Naveen Malik	3.01	-	-	-
Ms. Payal M Puri	3.32	-	-	-
Commission to non executive directors	6.01	-	-	-

The remuneration and other transactions with members of key managerial personnel during the year was as follows:

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Short-term employee benefits #	152.47	-
Post-employment benefits		
- Defined contribution plan §	6.58	-
- Defined benefit plan *	-	-
- Other long-term benefits *	-	-
Rent paid	-	-
<b>Total</b>	<b>159.05</b>	<b>-</b>

# Including bonus, sitting fee, commission on accrual basis and value of perquisites.

§ including provident fund, leave encashment paid and any other benefit.

\* As the liability for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.

### 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	Nature of Transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
Transaction during the year	Purchase of goods	4,463.10	1,205.79
	Godown rent	146.57	81.00
	Management fees	32.00	59.01
	Loan taken	1.00	12.00
	Loan Repayment	19.00	-
	Interest on loan	0.88	0.89
Outstanding balance as the end of the year			
<b>Payable outstanding</b>		<b>1,761.82</b>	<b>405.52</b>
Loan outstanding		-	18.00

#### Note 1

The appointment and managerial remuneration paid to a Whole-time director is subject to approval of shareholders in the ensuing Annual General Meeting.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 45 CORPORATE SOCIAL RESPONSIBILITY

The Company is not required to spend on corporate social responsibility (CSR) as per section 135 of the Companies Act, 2013

### 46 ADOPTION OF IND AS 116 LEASES

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method. Consequently, the company recorded the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate and the right of use asset at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2020.

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognised on a straight line basis over the term of the relevant lease.

The following is the break-up of current and non-current lease liabilities as at 31 March 2020

Particulars	Amount (₹ in lakh)
Current lease liabilities	930.76
Non current lease liabilities	4,353.53
<b>Total</b>	<b>5,284.29</b>

The following is the movement in lease liabilities during the year ended 31 March 2020:

Particulars	Amount (₹ in lakh)
Balance at the beginning	-
Addition	6,345.91
Finance cost accrued during the period	391.18
Deletions	-
Payment of lease liabilities	1,452.80
<b>Balance at the end</b>	<b>5,284.29</b>

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Particulars	Amount (₹ in lakh)
Less than one year	1,310.35
One to five years	4,519.96
More than five years	726.12
<b>Total</b>	<b>6,556.43</b>

Rental expense recorded for short-term leases was ₹ 376.44 lakh for the year ended 31 March 2020

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 47 SCHEME OF ARRANGEMENT

- (a) The Board of Directors of the Somany Home Innovation Limited ("Company"/ "SHIL") 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 provided 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 was approved by the Hon'ble Kolkata Bench of National Company Law Tribunal vide its order dated 26 June 2019, certified copy of the order dated 22 July 2019 was filed with Registrar of Companies, West Bengal on 5 August 2019 and accordingly the Scheme came into effect. The Scheme was effective from the Appointed Date i.e. 1 April, 2018. The Ind AS financial statements of the Company for the year ended 31 March, 2019 were approved by shareholders in its Annual General Meeting held on 2 September 2019 and subsequently to give effect of the Scheme, the comparative financial statements for the year ended 31 March 2019 have been restated. The effects of the Scheme has been incorporated in this restated Financial statements for the year ended 31 March 2019.

The restated financials statements are to be approved by shareholders in the ensuing annual general meeting.

Pursuant to the Scheme (as above) the equity shares of the Company were listed at BSE & NSE w.e.f 26 December 2019

- (b) In terms of the Scheme, the 100 percent(%) equity share capital of 5,00,000 of ₹ 2/- each of the Company held by HSIL Limited (erstwhile holding Company) stands cancelled, and existing shareholders of HSIL Limited (transferor Company) was issued and allotted fully paid up one equity share of SHIL of face value of ₹ 2/- each for every one equity share held by them in the HSIL as on the record date i.e. 20 August 2019. Pending allotment of equity shares as above to shareholders of HSIL Limited, ₹ 1,445.93 lakh was shown as "Share Capital Suspense Account" as on 31 March 2019 and during the year the same has been transferred to equity share capital account on allotment of shares.
- (c) The certain necessary steps and formalities in respect of transfers of properties, investments, trademark & licenses in pursuant to the Scheme are under process.
- (d) Pursuant to the Scheme, the following assets and liabilities were taken over by the Company as on 1 April 2018 (Appointed date)

#### Balance Sheet as at 1 April 2018

Particulars	(₹ in lakh) as at 1 April 2018
<b>ASSETS</b>	
<b>Non-current assets</b>	
(a) Property, plant and equipment	2,620.21
(b) Capital work-in-progress	73.17
(c) Goodwill	-
(d) Other intangible assets	53.05
(e) Financial assets	
(i) Investments *	157.28
(ii) Loans	431.02
(iii) Other financial assets	-
(f) Income-tax assets (net)	-
(g) Other non-current assets	165.38
<b>Total non-current assets</b>	<b>3,500.11</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

Particulars	(₹ in lakh) as at 1 April 2018
<b>Current assets</b>	
(a) Inventories	8,570.55
(b) Financial assets	
(i) Investments	
(ii) Trade receivables	6,409.33
(iii) Cash and cash equivalents	4,799.85
(iv) Bank balances other than (iii) above	85.46
(v) Loans	-
(vi) Other financial assets	4.81
(c) Other current assets	1,551.88
<b>Total current assets</b>	<b>21,421.88</b>
<b>Total assets</b>	<b>24,921.99</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
<b>Total equity</b>	<b>10,089.32</b>
<b>Liabilities</b>	
<b>Non-current liabilities</b>	
(a) Financial liabilities	
(i) Borrowings	1,500.00
(ii) Other financial liabilities	94.59
(b) Provisions	76.62
(c) Deferred tax liabilities (net)	(1,740.94)
(d) Other non-current liabilities	21.76
<b>Total non-current liabilities</b>	<b>(47.97)</b>
<b>Current liabilities</b>	
(a) Financial liabilities	
(i) Borrowings	9,018.66
(ii) Trade payables	2,643.96
(iii) Other financial liabilities	2,781.69
(b) Other current liabilities	383.80
(c) Provisions	52.53
<b>Total current liabilities</b>	<b>14,880.64</b>
<b>Total liabilities</b>	<b>14,832.67</b>
<b>Total equity and liabilities</b>	<b>24,921.99</b>

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

### 48 GRATUITY VALUATION

Gratuity liability as on 31 March 2020 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 Limited has been done on the basis of estimates as per the management of the Company and transferor Company (HSIL) (Refer note 47).

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 49 FINANCIAL INSTRUMENT BY CATEGORY

(₹ in lakh)

Particulars	As at 31 March 2020			As at 31 March 2019		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
<b>Non current financial assets</b>						
Investments	-	-	187.28	-	-	167.28
Loans	-	-	369.48	-	-	331.00
Other financial assets	-	-	-	-	-	-
<b>Current financial assets</b>						
Investments	-	-	-	-	-	-
Trade receivable	-	-	11,717.99	-	-	8,760.57
Cash and cash equivalents	-	-	40.09	-	-	869.77
Bank balances other than cash and cash equivalents	-	-	-	-	-	2.17
Loans	-	-	6.82	-	-	2.68
Other financial assets	-	-	8.44	-	-	0.04
<b>Total financial assets</b>	-	-	<b>12,330.10</b>	-	-	<b>10,133.51</b>
<b>Non current financial liabilities</b>						
Non-current borrowings	-	-	1,425.00	-	-	1,500.00
Other financial liabilities	-	-	4,532.78	-	-	123.12
<b>Current financial liabilities</b>						
Current borrowings	-	-	12,249.67	-	-	10,373.76
Trade payables	-	-	6,467.44	-	-	3,468.86
Other financial liabilities	-	-	4,786.55	-	-	4,374.37
<b>Total financial liabilities</b>	-	-	<b>29,461.44</b>	-	-	<b>19,840.11</b>

### 50 DISCLOSURE UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

(₹ in lakh)

Particulars	Brilloca Limited (wholly owned subsidiary)	Luxxis Heating Solutions Private Limited (Wholly owned subsidiary)	Hindware Home Retail Private Limited (wholly owned subsidiary)	Hintastica Private Limited ((wholly owned subsidiary)
	As at 31 March 2019			
<b>Guarantee</b>				
Guarantees given as at the beginning of the financial year	-	-	-	-
Guarantees given during the financial year	-	-	-	-
Guarantee closed during the year	-	-	-	-
Guarantees given as at the end of the financial year	-	-	-	-
<b>Investments</b>				
Investments at the beginning of the financial year	10.00	-	-	-
Transfer under the Scheme of arrangement (Refer note 47)	-	20.00	188.52	-
Additions during the financial year	-	-	-	-
Provision for diminution in the value of during the year	-	-	-	-
Investment at the end of the financial year	10.00	20.00	188.52	-
<b>Loans and advances</b>				
Loans at the beginning of the financial year	-	-	-	-
Additions during the financial year	-	-	-	-
Return back during the year	-	-	-	-
Loans at the end of the financial year	-	-	-	-

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Brilloca Limited (wholly owned subsidiary)	Luxxis Heating Solutions Private Limited (Wholly owned subsidiary)	Hindware Home Retail Private Limited (wholly owned subsidiary)	Hintastica Private Limited ((wholly owned subsidiary)*
	As at 31 March 2020			
<b>Guarantee</b>				
Guarantees given as at the beginning of the financial year	-	-	-	-
Guarantees given during the financial year	-	-	-	-
Guarantee closed during the year	-	-	-	-
Guarantees given as at the end of the financial year	-	-	-	-
<b>Investments</b>				
Investments at the beginning of the financial year	10.00	20.00	188.52	-
Transfer under the Scheme of arrangement (Refer note 47)	-	-	-	-
Additions during the financial year	-	-	-	20.00
Provision for diminution in the value of during the year	-	-	-	-
Investment at the end of the financial year	10.00	20.00	188.52	20.00
<b>Loans and advances</b>				
Loans at the beginning of the financial year	-	-	-	-
Additions during the financial year	-	-	-	-
Return back during the year	-	-	-	-
Loans at the end of the financial year	-	-	-	-

\*Hintastica Private Limited was incorporated on 14 November 2019.

### 51 COVID-19

The outbreak of COVID-19 Pandemic has caused global widespread economic disruptions leaving uncertainties with respect to severity & its impact on businesses, which currently cannot be reasonably ascertained. The Company has up to the date of approval of financial statements, evaluated and factored in to the extent possible likely material events & circumstances arising from COVID-19 pandemic and their impact on carrying value of its Assets & Liabilities as at 31 March 2020. Based on current indicators of future economic conditions, the Company expects to recover carrying amount of its Assets as on 31 March 2020. The impact of any future events & developments emerging out of COVID-19 Pandemic, if any, and occurring after the balance sheet date and relating to the Assets & Liabilities of the Company as on 31 March 2020 will be recognised prospectively. Considering current market scenario and company's quality product portfolio, brand image, long-standing relationships & goodwill with its customers, suppliers and other stakeholders, Company expects that the business operations, cash flows, future revenue, assets and liabilities will sustain going forward in long term.

### 52 GST NOTE

The annual return of GST for FY 2018-19 is under process of filing with statutory authorities. The management believes that there will not be any material impact over financial statements after financial submission/filing.

### 53 DIVIDEND INCOME

The Other Income for year ended 31 March 2020 on standalone basis, includes dividend received by Company from Brilloca Limited (wholly owned subsidiary) amounting to ₹ 2500 lakh.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 54 PROPOSED DIVIDEND

In respect of the current year ended 31 March 2020, the directors propose that a dividend of ₹ 0.15/- per share to be paid on equity shares of ₹ 2 per share. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members. The total estimated equity dividend to be paid is ₹ 108.44 lakh.

### 55 SECTION 115 BAA OF INCOME TAX ACT

The Company has decided not to exercise the option permitted under section 115 BAA of the income tax Act, 1961 as introduced by the taxation laws (amendment ordinance, 2019 from the current financial year), and continue with the past years' provision for tax on taxable income.

### 56 STORES CLOSURE

Subsequent to the Balance Sheet date the management of the Company has decided to close down 8 (eight) out of its 10 (Ten) retail furniture stores which sells furniture and hard furnishing items under brand "EVOK" as these stores have lower sales and higher operating costs. These stores closure would help in curtailing down operating losses and fixed overhead of the Retail Division of the Company.

### 57

Previous period figures have been regrouped, re-arranged wherever considered necessary to confirm to the current year's classification.

In terms of our report attached.

For and on behalf of the Board of Directors

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

**Rakesh Kaul**  
Whole-time Director and CEO  
DIN: 08560772

**Sandip Somany**  
Chairman  
DIN: 00053597

**N. K. Lodha**  
Partner  
M. No. 85155  
Place : New Delhi  
Date : 23 June 2020

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

**Naveen Malik**  
Chief Financial Officer

Place : Gurugram  
Date : 23 June 2020

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SOMANY HOME INNOVATION LIMITED

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of **Somany Home Innovation Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's

Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Emphasis of Matter

##### Attention is drawn to:

- i) Note no. 51 of consolidated financial statements, which describes the uncertainties and the impact of COVID-19 pandemic on the group's operations and performance as assessed by the management. Further, due to COVID-19 related lock-down/restrictions, management could perform year end physical verification of inventories at certain locations subsequent and near to year end. However, we could not be able to physically observe the verification of inventories that was carried out by the Management of the Holding company and an Indian subsidiary company. Consequently, we have performed alternate procedures to audit the existence of Inventory as per the guidance provided by in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient audit evidence to issue our unmodified opinion on these Consolidated Financial Statements.

Further opinion of the management on the carrying value of assets and liabilities and COVID-19 impact on the operation of the Group as stated in the said note.

- ii) The appointment and managerial remuneration of ₹ 83.72 lakh paid to a Wholetime director of the Holding company is subject to approval by the shareholders in ensuing Annual General Meeting. (Refer Note No. 37(1))

Our opinion is not modified in respect of the above matters.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Description of Key Audit Matter	How our audit addressed the key audit matter
<p><b>Payment of managerial remuneration:</b> The appointment and managerial remuneration of ₹ 83.72 lakh paid to a Whole-time director of the Holding company is subject to approval by the shareholders in ensuing Annual General Meeting.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>› We have reviewed the terms and conditions related to appointment of Wholetime director (WTD), as approved by the Board of directors.</li> <li>› Examined the process and related documents</li> <li>› We reviewed the minutes and forms submitted to MCA.</li> <li>› We calculated the profit for the purpose of arriving at limit prescribed by the Sec 197 and Schedule V of the Act and salary paid/provided in relation to said WTD and concluded that remuneration paid is in excess of limit prescribed by the Act and provisions thereof.</li> </ul> <p>Considering the legal provisions and reporting involved in this matter, we have considered this matter as a Key audit matter and reported accordingly.</p>

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management's and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of

Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably

be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- › Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- › Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- › Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- › Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- › Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- › Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditors. For the other entities included in the consolidated

financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

- A) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 394.76 lakh as at 31 March 2020, total revenue of ₹ 866.65 lakh, total net profit / (loss) after tax of (₹ 45.04 lakh), total comprehensive income of (₹ 45.29 lakh) and net cash inflow / (outflow) of (₹ 14.09 Lakh) for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

B) We did not audit the financial statements of three (3) subsidiaries, whose financial statements reflects total assets of ₹ 152.53 lakh as at 31 March 2020, total revenues of ₹ 0.02 lakh, total net profit / (loss) after tax of (₹ 87.25 lakh), total comprehensive income of (₹ 87.25 lakh) and net cash inflow/ (outflow) of (₹ 13.61 lakh) for the year ended on that date are unaudited management certified figures. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of said subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on such management certified unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

C) As stated in Note no. 47, financial statements for the year ended 31st March 2019 are restated audited figures after giving impact of the scheme approved by the Hon'ble NCLT Kolkata Bench on 26th June 2019 and effective from 1st April 2018 which has been approved by Board of Directors. The restated financial statements for the year ended 31st March 2019 are to be adopted by the shareholders.

Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes

in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
- g) With respect to the other matter to be included in the Auditors' report under Section 197(16) :

In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Holding company and its subsidiaries which are incorporated in India is in accordance with the provisions of Section 197 of the Act {this is to be read with note no. 37(1)}.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group – Refer Note No. 38 of the Consolidated Financial Statements.

- II. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For **LODHA & CO.**

Chartered Accountants

ICAI Firm Registration Number: 301051E

**N. K. Lodha**

Partner

Membership Number: 85155

UDIN: 20085155AAAACT8164

Place: New Delhi

Date: 23 June 2020

## ANNEXURE – A TO THE AUDITORS' REPORT

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2020, we have audited the internal financial controls over financial reporting of Somy Home Innovation Limited ('the Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company and its subsidiary companies, which are companies incorporated in India, based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Group and its Subsidiary companies, which are incorporated in India, have, maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

- i) Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial

reporting insofar as it relates to one subsidiary, which is company incorporated in India, is based on the corresponding reports of the auditor of such company.

For **LODHA & CO.**

Chartered Accountants

ICAI Firm Registration Number: 301051E

**N. K. Lodha**

Partner

Membership Number: 85155

UDIN: 20085155AAACT8164

Place: New Delhi

Date: 23 June 2020

# CONSOLIDATED BALANCE SHEET

as at 31 March 2020

(₹ in lakh)

Particulars	Note	As at 31 March 2020	As at 31 March 2019 (Refer note 47)
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	18,798.33	10,565.22
(b) Capital work-in-progress		480.45	406.88
(c) Other intangible assets	5	178.60	230.31
(d) Financial assets			
(i) Loans	6	603.39	498.16
(e) Deferred tax assets (net)	7	4,241.30	3,402.58
(f) Other non-current assets	8	635.13	372.25
<b>Total non-current assets</b>		<b>24,937.20</b>	<b>15,475.40</b>
<b>2 Current assets</b>			
(a) Inventories	9	31,016.66	27,929.42
(b) Financial assets			
(i) Investments	10	27.19	26.99
(ii) Trade receivables	11	35,917.90	35,631.49
(iii) Cash and cash equivalents	12	266.67	2,175.51
(iv) Bank balances other than (iii) above	13	-	2.17
(v) Loans	14	6.82	2.68
(vi) Other financial assets	15	955.52	9,768.22
(c) Other current assets	16	7,843.33	6,549.24
<b>Total current assets</b>		<b>76,034.09</b>	<b>82,085.72</b>
<b>Total assets</b>		<b>1,00,971.29</b>	<b>97,561.12</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	17	1,445.93	-
(b) Share capital Suspense account	17A	-	1,445.93
(c) Other equity	18	25,976.49	24,217.22
<b>Total equity</b>		<b>27,422.42</b>	<b>25,663.15</b>
<b>2 Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	4,756.96	5,000.00
(ii) Other financial liabilities	20	9,762.57	2,752.92
(b) Provisions	21	737.52	492.63
(c) Other non-current liabilities	22	175.38	63.21
<b>Total non-current liabilities</b>		<b>15,432.43</b>	<b>8,308.76</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	27,795.49	25,272.00
(ii) Trade payables	24		
- Due to micro and small enterprise		3,129.58	2,504.62
- Due to others		8,089.40	14,527.13
(iii) Other financial liabilities	25	15,133.49	13,737.80
(b) Other current liabilities	26	3,176.69	3,013.33
(c) Income-tax liabilities (net)	27	553.77	4,283.78
(d) Provisions	28	238.02	250.55
<b>Total current liabilities</b>		<b>58,116.44</b>	<b>63,589.21</b>
<b>Total liabilities</b>		<b>73,548.87</b>	<b>71,897.97</b>
<b>Total equity and liabilities</b>		<b>1,00,971.29</b>	<b>97,561.12</b>

Notes 1 to 53 form an integral part of these standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

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

**Rakesh Kaul**  
Whole-time Director and CEO  
DIN: 08560772

**Sandip Somany**  
Chairman  
DIN: 00053597

**N. K. Lodha**  
Partner  
M. No. 85155  
Place : New Delhi  
Date : 23 June 2020

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

**Naveen Malik**  
Chief Financial Officer

Place : Gurugram  
Date : 23 June 2020

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019 (Refer note 47)
I Revenue from operations	29	1,61,312.45	1,67,087.42
II Other income	30	2,431.40	896.49
<b>III Total income</b>		<b>1,63,743.85</b>	<b>1,67,983.91</b>
<b>IV Expenses</b>			
Purchases of stock-in-trade	31	1,10,483.79	1,08,918.96
Changes in inventories of stock-in-trade	32	(3,068.51)	(571.36)
Employee benefits expense	33	17,735.96	15,952.91
Finance costs	34	3,331.48	2,851.69
Depreciation and amortisation expense	35	4,599.27	1,969.15
Other expenses	36	27,345.26	30,365.80
<b>Total expenses</b>		<b>1,60,427.25</b>	<b>1,59,487.15</b>
<b>V Profit before exceptional items and tax</b>		<b>3,316.60</b>	<b>8,496.76</b>
<b>VI Exceptional items</b>		-	(15.36)
<b>VII Profit before tax</b>		<b>3,316.60</b>	<b>8,481.40</b>
<b>VIII Tax expense</b>			
(1) Current tax (including MAT)		1,830.23	4,283.99
(2) Deferred tax		(824.56)	(1,272.27)
<b>Total tax expense</b>		<b>1,005.67</b>	<b>3,011.72</b>
<b>IX Profit for the year</b>		<b>2,310.93</b>	<b>5,469.68</b>
<b>X Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of the defined benefit plan		(52.19)	82.13
(ii) Income-tax relating to these items		14.13	(28.68)
(ii) Items that will be reclassified to profit or loss		-	
Exchange difference on translation of foreign operations		0.28	46.99
<b>Other comprehensive income, net of tax</b>		<b>(37.78)</b>	<b>100.44</b>
<b>XI Total comprehensive income for the year</b>		<b>2,273.15</b>	<b>5,570.12</b>
<b>XII Earnings per equity share (of ₹ 2/- each):</b>			
Basic and diluted		3.20	7.57

Notes 1 to 53 form an integral part of these standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For **Lodha & Co**

Chartered Accountants

Firm Registration No.:301051E

**Rakesh Kaul**

Whole-time Director and CEO

DIN: 08560772

**Sandip Somany**

Chairman

DIN: 00053597

**N. K. Lodha**

Partner

M. No. 85155

Place : New Delhi

Date : 23 June 2020

**Payal M. Puri**

Company Secretary

ACS No.: 16068

**Naveen Malik**

Chief Financial Officer

Place : Gurugram

Date : 23 June 2020

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019 (Refer note 47)
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	3,316.60	8,496.76
<b>Adjustments for:</b>		
Finance costs	3,331.48	2,851.69
Interest income	(49.26)	(13.66)
Gain on disposal of property, plant and equipment	(6.71)	(0.56)
Loss on disposal of property, plant and equipment	23.47	19.86
Net loss/ (Gain) arising on current investments	(1.60)	(1.95)
Sundry balances and liabilities no longer required, written back	(826.85)	(1,109.35)
Provision for expected credit loss	669.60	402.17
Provision for doubtful advances	1.72	37.43
Bad debts written off	32.94	6.87
Depreciation and amortisation expenses	4,599.27	1,969.15
Net foreign exchange loss/(gain)	22.43	-
	<b>11,113.09</b>	<b>12,658.41</b>
<b>Movements in working capital:</b>		
(Increase)/decrease in trade and other receivables	7,728.51	(18,552.50)
(Increase)/decrease in inventories	(3,087.24)	(571.83)
(Increase)/decrease in other assets	(1,688.26)	(1,419.11)
Increase/(decrease) in trade and other liabilities	(4,723.00)	15,680.43
Increase/(decrease) in provisions	232.37	116.06
	<b>(1,537.62)</b>	<b>(4,746.95)</b>
<b>Cash generated from operations</b>	<b>9,575.47</b>	<b>7,911.46</b>
Income taxes paid	(5,560.24)	(0.21)
<b>Net cash generated by operating activities</b>	<b>4,015.23</b>	<b>7,911.25</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of financial assets	1.40	10.24
Interest received	51.94	16.14
Payments for property, plant and equipment	(3,195.90)	(3,976.83)
Proceeds from disposal of property, plant and equipment	41.07	119.04
Movement in other bank balances	2.17	84.89
<b>Net cash used in investing activities</b>	<b>(3,099.32)</b>	<b>(3,746.52)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	10.00	-
Movement in short term borrowings (net)	2,523.49	(9,406.96)
Principal payment of lease liability	(1,417.23)	-
Dividends tax paid	(513.88)	-
Interest paid	(3,427.13)	(2,853.31)
<b>Net cash used in financing activities</b>	<b>(2,824.75)</b>	<b>(12,260.27)</b>
<b>Net increase in cash and cash equivalents:</b>	<b>(1,908.84)</b>	<b>(8,095.54)</b>
Cash and cash equivalents on account of demerger	-	10,268.73
Cash and cash equivalents at the beginning of the year	<b>2,175.51</b>	<b>2.32</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>266.67</b>	<b>2,175.51</b>

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2020

## The movement in liabilities from financing activities:

Particulars	As at 31 March 2019	Cashflows	Non-cashflow changes - Other		As at 31 March 2020
			Foreign exchange	Other	
Long term borrowings	5,000.00	10.00	-	-	5,010.00
Short term borrowings	25,272.00	2,523.49	-	-	27,795.49
<b>Total liabilities from financing activities</b>	<b>30,272.00</b>	<b>2,533.49</b>	-	-	<b>32,805.49</b>

Particulars	As at 31 March 2018	Cashflows	Non-cashflow changes - Other		As at 31 March 2019
			Foreign exchange	Other*	
Long term borrowings				5,000.00	5,000.00
Short term borrowings	6.00	(9,406.96)		34,672.96	25,272.00
<b>Total liabilities from financing activities</b>	<b>6.00</b>	<b>(9,406.96)</b>		<b>39,672.96</b>	<b>30,272.00</b>

\*Transfer due to Scheme as on 1 April 2018 (Refer note 47)

### Notes:-

- The Scheme is cash neutral, hence cash neutral items have not been considered/disclosed in this statement (read with note 47 and note 12).
- Previous year's figures have been re-grouped/re-arranged wherever necessary.
- The Cash flow statement has been prepared under the Indirect method as set out in Indian Accounting Standard (Ind As 7) statement of Cash flows.

Notes 1 to 53 form an integral part of these standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

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

**Rakesh Kaul**  
Whole-time Director and CEO  
DIN: 08560772

**Sandip Somany**  
Chairman  
DIN: 00053597

**N. K. Lodha**  
Partner  
M. No. 85155  
Place : New Delhi  
Date : 23 June 2020

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

**Naveen Malik**  
Chief Financial Officer

Place : Gurugram  
Date : 23 June 2020

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

## a. Equity share capital

Particulars	Number of shares	(₹ in lakh)
		Amount
<b>Issued and paid up capital</b>		
<b>Balance as at 1 April 2018</b>	5,00,000	10.00
Less: Paid up shares capital cancelled during the year due to Scheme (Refer note 47)	(5,00,000)	(10.00)
<b>Balance as at 31 March 2019</b>	-	-
Share issue pursuant to the Scheme of arrangement (Refer note 47)	7,22,96,395	1,445.93
<b>Balance as at 31 March 2020</b>	<b>7,22,96,395</b>	<b>1,445.93</b>

## b. Share capital suspense account

Particulars	(₹ in lakh)
	Amount
<b>Balance as at 1 April 2018</b>	-
Share suspense account (Refer note 47)	1,445.93
<b>Balance as at 31 March 2019</b>	<b>1,445.93</b>
Share issue pursuant to the Scheme of arrangement (Refer note 47)	(1,445.93)
<b>Balance as at 31 March 2020</b>	<b>-</b>

## c. Other equity

Particulars	Reserves and surplus				Other comprehensive income		Total
	Capital reserve	Securities premium account	General reserve	Retained earnings	Foreign currency translation reserve	Actuarial gain/(loss)	
<b>Balance as at 31 March 2018</b>	-	-	-	(6.25)	-	-	(6.25)
Transferred as per Scheme of arrangement (Refer note 47)	39.88	7,238.97	2,449.08	8,904.47	-	10.95	18,643.35
Paid up share capital cancelled pursuant to Scheme of arrangement (Refer note 47(b)).	10.00	-	-	-	-	-	10.00
<b>Balance as on 1 April 2018</b>	<b>49.88</b>	<b>7,238.97</b>	<b>2,449.08</b>	<b>8,898.22</b>	<b>-</b>	<b>10.95</b>	<b>18,647.10</b>
Profit for the year	-	-	-	5,469.68	-	-	5,469.68
Other comprehensive income for the year (net of income tax)	-	-	-	-	46.99	53.45	100.44
Total comprehensive income for the year	-	-	-	<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>
Profit for the year	-	-	-	2,310.93	-	-	2,310.93
Other comprehensive income for the year (net of income tax)	-	-	-	-	0.28	(38.06)	(37.78)
Total comprehensive income for the year	-	-	-	<b>2,310.93</b>	<b>0.28</b>	<b>(38.06)</b>	<b>2,273.15</b>
Payment of dividend tax*	-	-	-	(513.88)	-	-	(513.88)
<b>Balance as at 31 March 2020</b>	<b>49.88</b>	<b>7,238.97</b>	<b>2,449.08</b>	<b>16,164.95</b>	<b>47.27</b>	<b>26.34</b>	<b>25,976.49</b>

\* Corporate dividend tax paid by a subsidiary company on interim dividend of ₹ 2500 lakh received by the Company.

Notes 1 to 53 form an integral part of these standalone financial statements.

In terms of our report attached,

For and on behalf of the Board of Directors

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

**Rakesh Kaul**  
Whole-time Director and CEO  
DIN: 08560772

**Sandip Somany**  
Chairman  
DIN: 00053597

**N. K. Lodha**  
Partner  
M. No. 85155  
Place : New Delhi  
Date : 23 June 2020

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

**Naveen Malik**  
Chief Financial Officer

Place : Gurugram  
Date : 23 June 2020

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 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 and the corporate office is in Gurugram. The Group is into the business of selling and trading of building products, consumer products and retail business. The equity shares of the parent

Company is listed at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

The consolidated financial statements include the consolidated balance sheet, consolidated statement of profit and loss, consolidated cash flow statement and consolidated statement of changes in equity of the Parent Company and its undermentioned subsidiaries (hereinafter referred as the 'Group')-

Company	Date of shareholding/ membership*	Country of incorporation	% of shareholding
Hindware Home Retail Private Limited	1 April 2018	India	100%
Luxxis Heating Solutions Private Limited	1 April 2018	India	100%
Brilloca Limited	1 April 2018	India	100%
Hintastica Private Limited	14 November 2019	India	100%
Halis International Limited	1 April 2018	Mauritius	100%
Alchemy International Cooperatief U.A. (subsidiary of Halis International Limited)	1 April 2018	Netherland	100%
Haas International B.V. (subsidiary of Alchemy International Cooperatief U.A.)	1 April 2018	Netherland	100%
Queo Bathroom Innovations Limited UK (subsidiary of Haas International B.V.)	1 April 2018	United Kingdom (UK)	100%

\*Shareholding transferred pursuant to Scheme of arrangement. (Refer note 47)

### B) 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 (as amended). Accordingly, the Group's financial statements for the year ended 31 March 2020 are prepared complying in material aspects with applicable Ind AS.

The consolidated financial statement of the Group as at and for the year ended 31 March 2020 (including comparatives) were approved and authorised by the Board of Directors on 23 June, 2020

### C) 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 authorised have been considered in preparing these financial statements.

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.

### 2.2 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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation of Consolidated Financial Statements

These financial statements are the Consolidated Financial Statements of the Group (Parent and

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

facts and circumstances in assessing whether it has power over an investee, including:

- › The contractual arrangement with the other vote holders of the investee
- › Rights arising from other contractual arrangements
- › The Parent Company's voting rights and potential voting rights
- › The size of the Parent Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

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

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

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

### Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary.

Business combinations policy explains how to account for any related goodwill.

- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

The significant accounting policies to prepare consolidated financial statements are in uniformity with the standalone financial statements of the Company. Following are the additional policies specifically considered for preparation of consolidated financial statements:

#### 3.1 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 recognised 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

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

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.

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method. The assets and liabilities of the acquired entity are recognised at their carrying amounts of the parent entity's consolidated financial statements with the exception of certain income tax and deferred tax assets. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies. The components of equity of the acquired companies are added to the same components within the Group's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to other equity and is presented separately from other capital reserves.

### 3.2 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.

### 3.3 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.

### 3.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has three operating/reportable segments: consumer products, retail business and building products segments. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, unallocated assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 4 PROPERTY, PLANT AND EQUIPMENT

Description of assets	(₹ in lakh)									
	Buildings	Leasehold improvements	Right to use - Building	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total	
<b>I. Gross block</b>										
<b>Opening balance as at 31 March 2018</b>										
Transfer due to scheme as on 1 April 2018 (Refer note 47)	-	1,123.55	-	1,462.05	748.43	4,940.11	952.69	451.07	9,677.90	-
<b>Opening balance as at 1 April 2018</b>	-	<b>1,123.55</b>	-	<b>1,462.05</b>	<b>748.43</b>	<b>4,940.11</b>	<b>952.69</b>	<b>451.07</b>	<b>9,677.90</b>	-
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>-</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>	
Additions	-	4.04	9,791.09	1,139.53	174.87	1,249.43	133.05	319.63	12,811.64	
Disposals/adjustment	(1.02)	(481.76)	-	(4.03)	(192.21)	(1,004.84)	(287.64)	(90.83)	(2,062.33)	
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>650.41</b>	<b>9,791.09</b>	<b>7,624.85</b>	<b>693.21</b>	<b>6,631.58</b>	<b>1,062.60</b>	<b>688.28</b>	<b>27,142.02</b>	
<b>II. Accumulated depreciation and amortisation</b>										
<b>Opening balance as at 31 March 2018</b>										
Transfer due to scheme as on 1 April 2018 (Refer note 47)	-	652.14	-	135.95	515.94	1,923.46	632.40	152.66	4,012.55	-
<b>Opening balance as at 1 April 2018</b>	<b>-</b>	<b>652.14</b>	<b>-</b>	<b>135.95</b>	<b>515.94</b>	<b>1,923.46</b>	<b>632.40</b>	<b>152.66</b>	<b>4,012.55</b>	
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>-</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>	
Depreciation and amortisation charge for the year	-	74.86	1,871.17	773.42	77.66	1,146.99	223.83	85.28	4,253.21	
Disposals/adjustment	-	(481.77)	-	15.93	(191.98)	(981.26)	(262.73)	(83.33)	(1,985.14)	
Impairment	-	39.08	-	0.50	6.80	201.51	0.24	-	248.13	
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>362.82</b>	<b>1,871.17</b>	<b>1,412.85</b>	<b>454.83</b>	<b>3,234.80</b>	<b>777.60</b>	<b>229.62</b>	<b>8,343.69</b>	
<b>Net block (I-II)</b>										
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>287.59</b>	<b>7,919.92</b>	<b>6,212.00</b>	<b>238.38</b>	<b>3,396.78</b>	<b>285.00</b>	<b>458.66</b>	<b>18,798.33</b>	
Balance as at 31 March 2019	1.02	397.48	-	5,866.35	148.20	3,519.43	400.93	231.81	10,565.22	

**Note :**

1. Refer note 19 for details of property, plant and equipment pledged as security by the Group.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 5 OTHER INTANGIBLE ASSETS

(₹ in lakh)

Description of assets	Trademarks	Computer software	Total
<b>I. Gross block</b>			
<b>Opening balance as at 31 March 2018</b>	-	-	-
Transfer under the Scheme as on 1 April 2018 (Refer note 47)	-	679.65	679.65
<b>Opening balance as at 1 April 2018</b>	-	<b>679.65</b>	<b>679.65</b>
Additions	64.93	66.70	131.63
Disposals/adjustment	(28.78)	17.48	(11.30)
<b>Balance as at 31 March 2019</b>	<b>36.15</b>	<b>763.83</b>	<b>799.98</b>
Additions	-	26.86	26.86
Disposals/adjustment	-	(84.57)	(84.57)
<b>Balance as at 31 March 2020</b>	<b>36.15</b>	<b>706.12</b>	<b>742.27</b>
<b>II. Accumulated amortisation</b>			
<b>Balance as at 31 March 2018</b>	-	-	-
Transfer due to scheme as on 1 April 2018 (Refer note 47)	-	466.30	466.30
<b>Opening balance as at 1 April 2018</b>	-	<b>466.30</b>	<b>466.30</b>
Amortisation charge for the year	2.28	98.15	100.43
Disposals/adjustment	(1.89)	4.83	2.94
<b>Balance as at 31 March 2019</b>	<b>0.39</b>	<b>569.28</b>	<b>569.67</b>
Amortisation charge for the year	3.52	94.12	97.64
Disposals	-	(103.93)	(103.93)
Impairment	-	0.29	0.29
<b>Balance as at 31 March 2020</b>	<b>3.91</b>	<b>559.76</b>	<b>563.67</b>
<b>Net block (I-II)</b>			
<b>Balance as on 31 March 2020</b>	<b>32.24</b>	<b>146.36</b>	<b>178.60</b>
Balance as on 31 March 2019	35.76	194.55	230.31

### 6 NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good unless otherwise stated)		
Security deposits	603.39	498.16
Unsecured, considered Doubtful	2.82	2.82
less : Provision against Advance	(2.82)	(2.82)
	<b>603.39</b>	<b>498.16</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 7 DEFERRED TAX ASSETS (NET)

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax asset arising on account of</b>		
Deferred tax on business losses	2,037.64	1,290.69
Difference between book balance and tax balance of property, plant and equipment	1,213.83	1,203.95
Provision for doubtful debts and loans and advances	775.34	788.40
Provision for employee benefits	141.49	119.54
MAT Credit entitlement	0.03	-
Others	72.97	-
	<b>4,241.30</b>	<b>3,402.58</b>
<b>Deferred tax liabilities</b>	-	-
<b>Deferred tax assets (net)</b>	<b>4,241.30</b>	<b>3,402.58</b>

#### Deferred tax liability (net) in relation to:

Particulars	As at 1 April 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2020
<b>Deferred tax liability arising on account of</b>				
Investments at fair value through OCI	-	-	-	-
<b>Sub total</b>	-	-	-	-
<b>Deferred tax asset arising on account of</b>				
Deferred tax on business losses	1,290.69	746.95	-	2,037.64
Difference between book balance and tax balance of property, plant and equipment	1,203.95	9.88	-	1,213.83
Provision for doubtful debts and loans and advances	788.40	(13.06)	-	775.34
Provision for employee benefits	119.54	7.82	14.13	141.49
Others	-	72.97	-	72.97
<b>Sub total</b>	<b>3,402.58</b>	<b>824.56</b>	<b>14.13</b>	<b>4,241.27</b>
MAT Credit entitlement	-	0.03	-	0.03
<b>Net deferred tax liability</b>	<b>(3,402.58)</b>	<b>(824.59)</b>	<b>(14.13)</b>	<b>(4,241.30)</b>

#### Deferred tax liability (net) in relation to:

Particulars	As at 1 April 2018	Transfer due to Scheme as on 1 April 2018 (Refer note 47)	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2019
<b>Deferred tax liability arising on account of</b>					
Investments at fair value through OCI	-	-	-	-	-
<b>Sub total</b>	-	-	-	-	-
<b>Deferred tax asset arising on account of</b>					
Deferred tax on business losses	-	-	1,290.69	-	1,290.69
Difference between book balance and tax balance of property, plant and equipment	-	1,465.73	(261.78)	-	1,203.95
Provision for doubtful debts and loans and advances	-	586.05	202.35	-	788.40
Provision for employee benefits	-	107.21	41.01	(28.68)	119.54
<b>Sub total</b>	-	<b>2,158.99</b>	<b>1,272.27</b>	<b>(28.68)</b>	<b>3,402.58</b>
<b>Net deferred tax liability</b>	-	<b>(2,158.99)</b>	<b>(1,272.27)</b>	<b>28.68</b>	<b>(3,402.58)</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 8 OTHER NON-CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good)		
Capital advances	256.61	145.50
Considered doubtful	15.15	15.15
Less : Provision for doubtful advances	(15.15)	(15.15)
Prepaid expenses	-	63.10
Balances with government authorities	378.52	163.65
	<b>635.13</b>	<b>372.25</b>

### 9 INVENTORIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>(As taken by the management, valued at cost or net realisable value)</b>		
Stock-in-trade of goods acquired for trading	30,997.93	27,929.42
Stores and spares	18.73	-
	<b>31,016.66</b>	<b>27,929.42</b>

**Notes:**

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

### 10 CURRENT INVESTMENTS

(₹ in lakh)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Units	Amount	Units	Amount
<b>Fair value through profit and loss (FVTPL)</b>				
<b>Quoted investments</b>				
HDFC Liquid Fund-Regular Plan-Growth	700.050	27.19	737.285	26.99
	<b>700.050</b>	<b>27.19</b>	<b>737.285</b>	<b>26.99</b>
<b>Other disclosures</b>				
Aggregate amount of quoted investments- at cost		23.68		24.94
Aggregate amount of quoted investments- at market value		27.19		26.99

### 11 TRADE RECEIVABLES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured, considered good	1,584.50	1,614.85
Unsecured, considered good	34,333.40	34,016.64
Trade Receivables - Credit impaired	2,932.04	2,262.45
	<b>38,849.94</b>	<b>37,893.94</b>
Less: Provision for impairment/Expected credit loss	2,932.04	2,262.45
	<b>35,917.90</b>	<b>35,631.49</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### Movement in the allowance for provision for impairment/Expected credit loss

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Opening balance</b>	2,262.45	-
Transfer due to scheme as on 1 April 2018 (Refer note 47)	-	1,704.40
Expected credit losses provided for during the year (Refer note 36)	669.60	560.14
Amounts written back during the year (net)	(0.01)	(2.09)
	<b>2,932.04</b>	<b>2,262.45</b>

### 12 CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks	155.41	1,088.15
Cheques, drafts in hand	50.60	1,003.30
Cash in hand	6.72	40.72
Remittance in transit	53.94	43.34
	<b>266.67</b>	<b>2,175.51</b>

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

### 13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Other bank balances</b>		
Fixed deposits with original maturity of more than three months but less than twelve months	-	2.17
	<b>-</b>	<b>2.17</b>

### 14 CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>(unsecured and considered good)</b>		
Interest receivable	-	2.68
Security deposit	6.82	-
	<b>6.82</b>	<b>2.68</b>

### 15 CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good)		
<b>Other financial assets</b>		
Interest accrued on deposits, loans and advances	0.04	0.04
Other Receivable*	955.48	9,768.18
	<b>955.52</b>	<b>9,768.22</b>

\* Including of HSIL Limited of ₹ 955.48 Lakh (previous year ₹ 9,768.18 lakh) post implementation of Scheme (Refer note 47)

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 16 OTHER CURRENT ASSETS

Particulars	(₹ in lakh)	
	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good)		
Prepaid expenses	403.23	246.27
Balances with government authorities	4,412.17	3,409.91
Others		
- Advance to suppliers	1,841.68	1,093.95
Considered doubtful	74.61	53.04
Less : Provision against Advance to Vendors	(74.61)	(53.04)
- Employee advances	90.63	15.66
- Other current assets	1,095.62	1,783.45
Considered doubtful	22.41	42.26
Less : Provision for doubtful advances	(22.41)	(42.26)
	<b>7,843.33</b>	<b>6,549.24</b>

### 17 EQUITY SHARE CAPITAL

Particulars	As at 31 March 2020		As at 31 March 2019	
	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	7,50,00,000	1,500.00
<b>Issued:</b>				
Equity shares of ₹ 2 each	7,22,96,395	1,445.93	-	-
<b>Subscribed and fully paid:</b>				
Equity shares of ₹ 2 each	7,22,96,395	1,445.93	-	-
	<b>7,22,96,395</b>	<b>1,445.93</b>	<b>-</b>	<b>-</b>

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
Equity shares outstanding at the beginning of the year	-	-	5,00,000	10.00
Add: Shares issued during the year	7,22,96,395	1,445.93	-	-
Less: Paid up shares capital cancelled during the year due to Scheme (Refer note 47)			5,00,000	10.00
<b>Equity shares outstanding at the end of the year</b>	<b>7,22,96,395</b>	<b>1,445.93</b>	<b>-</b>	<b>-</b>

#### (b) Terms and rights attached to equity shares

The Company has issued only one class of equity shares having par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

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

(₹ in lakh)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	% of holding	Number	% of holding
Somany Impresa Limited (Formerly Known as Paco Exports Limited)	2,98,29,968	41.26	-	-
HDFC Trustee Co Ltd A/C Hdfc Housing Opportunities Fund-1140D November 2017 (1)	43,23,984	5.98	-	-
Sundaram Mutual Fund A/C Sundaram Emerging Small Cap - Series I	39,07,209	5.40	-	-

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

- (d) Pursuant to the Scheme of arrangement the Company had issued 7,22,96,395 Equity Shares to the Shareholders of HSIL Limited. On 23 August 2019 (Allotment date) Somany Home innovation Limited had issued one equity share for every equity share held of HSIL Limited on the date of 20 August 2019 (Record date) for consideration other than cash.

## 17A SHARE CAPITAL SUSPENSE ACCOUNT

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Share Capital Suspense account (Refer note 47 b)	-	1,445.93

## 18 OTHER EQUITY

(₹ in lakh)

Particulars	Reserves and surplus				Other comprehensive income		Total
	Capital reserve	Securities premium account	General reserve	Retained earnings	Foreign currency translation reserve	Actuarial gain/(loss)	
<b>Balance as at 31 March 2018</b>	-	-	-	(6.25)	-	-	(6.25)
Transferred as per Scheme of arrangement (Refer note 47)	39.88	7,238.97	2,449.08	8,904.47	-	10.95	18,643.35
Paid up share capital cancelled pursuant to Scheme of arrangement (Refer note 47(b)).	10.00	-	-	-	-	-	10.00
<b>Balance as on 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	-	-	5,469.68
Other comprehensive income for the year (net of income tax)	-	-	-	-	46.99	53.45	100.44
<b>Total comprehensive income for the year</b>	-	-	-	<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>
Profit for the year	-	-	-	2,310.93	-	-	2,310.93
Other comprehensive income for the year (net of income tax)	-	-	-	-	0.28	(38.06)	(37.78)
<b>Total comprehensive income for the year</b>	-	-	-	<b>2,310.93</b>	<b>0.28</b>	<b>(38.06)</b>	<b>2,273.15</b>
Payment of dividend tax*	-	-	-	(513.88)	-	-	(513.88)
<b>Balance as at 31 March 2020</b>	<b>49.88</b>	<b>7,238.97</b>	<b>2,449.08</b>	<b>16,164.95</b>	<b>47.27</b>	<b>26.34</b>	<b>25,976.49</b>

\* Corporate dividend tax paid by a subsidiary company on interim dividend of ₹ 2500 lakh received by the Company.

### Nature and purpose of other reserves:

- Capital reserve was created on amalgamation of certain entities/undertaking into the Company.
- Capital reserve created in previous year due to cancellation of equity shares consequent to the Scheme of Arrangement approved by the National Company Law Tribunal (Refer note 47)

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

- 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.
- Reserves/Surplus as on 1 April 2018 have been transferred pursuant to the Scheme of arrangement.
- General reserves was created by transferring certain amount out of profits at the time of distribution of dividend in the past.

### 19 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Measured at amortised cost</b>		
<b>Secured:</b>		
Term loans from banks:		
rupee loans	5,000.00	5,000.00
Term loans from financial institution:		
vehicle loan	10.00	-
	<b>5,010.00</b>	<b>5,000.00</b>
Less: Current maturities of long term borrowing (Note 25)	253.04	-
	<b>4,756.96</b>	<b>5,000.00</b>

#### Terms and conditions of outstanding borrowings are as follows:

Particulars	Currency	Year of maturity	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019
Secured loan from bank - rupee loans	₹	2026-27	5,000.00	5,000.00
Secured loan from financial institution - rupee loans	₹	2022-23	10.00	-

#### Note:

- Loan is secured by First Pari Passu Charge on Movable Fixed Assets (PPE) of the company.
- The interest rate for the above rupee term loans from bank is based on 1 year MCLR + 08bps.
- Repayable in 14 half yearly instalments starting from June 2020 to December 2026.
- Vehicle loan is secured by way of hypothecation of the respective vehicle thus purchased, repayable in 36 equal monthly installments starting from 1 April 2020 having interest rate 8.99% p.a.

### 20 NON-CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade deposits	2,976.63	2,752.92
Lease liability (Refer note 46)	6,785.94	-
	<b>9,762.57</b>	<b>2,752.92</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 21 NON-CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Long-term employee benefits		
Provision for compensated absences	471.71	403.42
Provision for long service award	78.33	-
Provision for gratuity	0.84	0.43
Provision for warranty	186.64	88.78
	<b>737.52</b>	<b>492.63</b>

#### Details of movement in provision for warranty (including current portion)

Particulars	
<b>Balance as at 1 April 2018</b>	-
Transfer due to scheme as on 1 April 2018 (Refer note 47)	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 28)	229.50
<b>Balance as at 31 March 2019</b>	<b>88.78</b>
<b>Balance as at 1 April 2019</b>	318.28
Additional provisions recognised (included in Other expenses)	195.68
Utilised during the year	(122.91)
	<b>391.05</b>
Less: Current liability (Refer note 28)	204.41
<b>Balance as at 31 March 2020</b>	<b>186.64</b>

#### Warranty claims:

The provision for warranty claims represent the present value of best estimate of the future outflow of economic benefits that will be required under the Group 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.

### 22 OTHER NON-CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Employee related payables	175.38	63.21
	<b>175.38</b>	<b>63.21</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 23 CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Secured borrowings</b>		
From banks		
Cash credit - loans repayable on demand	4,481.49	10,654.00
Working capital demand loan	23,314.00	14,600.00
	<b>27,795.49</b>	<b>25,254.00</b>
<b>Unsecured borrowings</b>		
Loan taken from a company*	-	18.00
	-	<b>18.00</b>
	<b>27,795.49</b>	<b>25,272.00</b>

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

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

##### Secured borrowings

##### Cash credit facilities :

- a) Cash credit facilities from banks is repayable on demand and is secured by hypothecation of all current assets including stocks and book debts, present and future

##### Short term loan facilities :

- b) Working capital demand loan from banks repayable within 14 days to 90 days from disbursement and is secured by hypothecation of all current assets including stocks and book debts, present and future.

- c) The interest rate for the above short term borrowings varies from 7.60% p.a. to 9.75% p.a.

### 24 TRADE PAYABLES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
- total outstanding dues of micro and small enterprises	3,129.58	2,504.62
- total outstanding dues of creditors other than micro and small enterprises*	8,089.40	14,527.13
<b>Trade payable</b>	<b>11,218.98</b>	<b>17,031.75</b>

\* Including of HSIL Limited of ₹ 3,016.69 Lakh (previous year ₹ 9,294.81 lakh) post implementation of Scheme (Refer note 47)

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	As at 31 March 2020	As at 31 March 2019
Principal amount remaining unpaid to any supplier	1,881.70	2,504.62
Interest due thereon remaining unpaid to any supplier	256.14	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	256.14	120.45
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

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 25 CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term borrowings (Refer note 19)	253.04	-
Interest accrued but not due on borrowings	91.05	186.70
Earnest money deposits	2.95	2.95
Security deposits/retention money payable	44.33	22.70
Others		
Towards capital creditors	77.58	42.69
Employee related payables	2,923.75	2,281.36
Towards expenses payable	3,490.47	3,956.35
Commission payable to directors*	65.95	-
Gratuity payable (net of obligation)	166.66	11.09
Other payables	6,669.17	7,233.96
Lease liability (Refer note 46)	1,348.54	-
	<b>15,133.49</b>	<b>13,737.80</b>

\* Including of HSIL Limited of ₹ 436.19 Lakh (previous year ₹ 892.35 lakh) post implementation of Scheme (Refer note 47)

### 26 OTHER CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Advances received from customers	945.01	867.00
Employee related payables	-	73.73
Payable towards statutory dues	2,205.80	1,302.67
Other payables	25.88	769.93
	<b>3,176.69</b>	<b>3,013.33</b>

### 27 PROVISION FOR INCOME TAX (NET)

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for Income tax opening	4,283.78	-
Provision for the year*	1,830.23	4,283.99
	<b>6,114.01</b>	<b>4,283.99</b>
Less: Advance tax paid	5,560.24	0.21
	<b>553.77</b>	<b>4,283.78</b>

\* Net

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 28 CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Short-term employee benefits		
Provision for compensated absences	24.11	21.04
Provision for Long service award	9.48	-
Provision for gratuity	0.02	0.01
Provision for Warranty	204.41	229.50
	<b>238.02</b>	<b>250.55</b>

#### Warranty claims:

The provision for warranty claims represent the present value of best estimate of the future outflow of economic benefits that will be required under the Group 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.

### 28 REVENUE FROM OPERATIONS

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>i) Revenue from operations</b>		
Sale of goods	1,59,624.47	1,63,698.45
Sale from rendering of services	13.97	10.08
Other operating revenue @	1,674.01	3,378.89
	<b>1,61,312.45</b>	<b>1,67,087.42</b>
<b>Segment wise revenue information</b>		
a) Consumer products	36,157.95	30,562.96
b) Retail business	9,067.00	9,373.38
c) Building products	1,16,087.50	1,27,151.08
d) Others	-	-
<b>Total</b>	<b>1,61,312.45</b>	<b>1,67,087.42</b>
Less : Inter segment revenue	-	-
<b>Total income from operations</b>	<b>1,61,312.45</b>	<b>1,67,087.42</b>
<b>ii) Unsatisfied Performance Obligation</b>		
Aggregated amount of Transaction Price allocated to the contracts that are fully or partially unsatisfied at the end of the reporting period		
i) Sale of Goods	945.01	867.00
ii) Sale of Services	-	-

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>iii) Reconciliation of contract price vis a vis revenue recognised in profit and loss statement is as follows:-</b>		
<b>Contract Price</b>		
a) Sale of goods & services	2,36,685.98	2,39,256.64
b) Sale of Service	13.97	10.08
c) Other operating revenue	1,674.01	3,378.89
Adjustment:-		
Discount/Rebate	77,061.51	75,558.19
<b>Revenue recognised in the statement of profit and loss account</b>	<b>1,61,312.45</b>	<b>1,67,087.42</b>
@ Other operating revenues comprise of:		
Sundry balances and liabilities no longer required, written back	826.83	1,109.35
Excess provision of doubtful debts written back	-	173.33
Gain on foreign exchange fluctuations	132.23	102.86
Insurance claims received	94.20	154.09
Scrap sales	37.75	525.88
Miscellaneous receipts	583.00	1,313.38
	<b>1,674.01</b>	<b>3,378.89</b>

### 30 OTHER INCOME

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on financial assets	49.26	13.66
Excess balances and liabilities written back	0.01	2.43
Rental income	0.02	-
Profit on sale of current investments (net)	0.04	0.08
Profit on sale of property, plant and equipment	6.71	0.56
Gain arising on financials instruments designated as at FVTPL (net)	1.56	1.87
Management fee	1,977.74	793.65
Miscellaneous income	396.06	84.24
	<b>2,431.40</b>	<b>896.49</b>

### 31 PURCHASES OF TRADED GOODS

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sanitaryware and other products	79,443.59	81,405.35
Consumer appliances home furnishing and others	31,040.20	27,513.61
	<b>1,10,483.79</b>	<b>1,08,918.96</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 32 CHANGES IN INVENTORIES OF STOCK-IN-TRADE

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Inventories at the end of the year:</b>		
Stock-in-trade	30,997.93	27,929.42
	<b>30,997.93</b>	<b>27,929.42</b>
<b>Inventories at the beginning of the year:</b>		
Stock-in-trade	27,929.42	-
Stock-in-trade transferred due to Scheme of arrangement (Refer note 47)	-	27,358.06
	<b>27,929.42</b>	<b>27,358.06</b>
<b>Changes in inventories of stock-in-trade</b>	<b>(3,068.51)</b>	<b>(571.36)</b>

### 33 EMPLOYEE BENEFITS EXPENSE

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	16,115.86	14,713.06
Contribution to provident funds and other funds	747.73	547.69
Staff welfare expenses	872.37	692.16
	<b>17,735.96</b>	<b>15,952.91</b>

### 34 FINANCE COSTS

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on financial liabilities	2,673.96	2,851.48
Interest on lease liability (Refer note 46)	616.16	-
Other borrowing cost	41.36	0.21
	<b>3,331.48</b>	<b>2,851.69</b>

### 35 DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation, amortisation and impairment of Property, plant and equipments (Refer note 4)	2,630.17	1,868.72
Amortisation and impairment of other intangible assets (Refer note 5)	97.93	100.43
Depreciation on right to use - Building (Refer note 4)	1,871.17	-
	<b>4,599.27</b>	<b>1,969.15</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 35 OTHER EXPENSES

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Power and fuel	190.44	146.16
Consumption of stores and spares	12.59	45.55
Consumption of packing material	470.38	422.92
Repairs and maintenance:		
Buildings	27.43	26.12
Plant and machinery	2.43	123.77
Others	425.20	111.11
Rent (including hire charges)	1,330.68	3,326.62
Rates and taxes	13.01	28.63
Directors sitting fees	2.75	-
Insurance	238.18	69.04
Travelling and conveyance	3,194.77	2,796.98
Commission on sales	318.43	380.76
Freight and forwarding charges	74.39	133.47
Advertisement and publicity	7,921.86	9,897.04
Transportation and forwarding	7,290.36	7,050.19
Sales promotion expenses	1,374.41	1,418.04
Other selling expenses	885.73	954.77
Provision for expected credit loss (Refer note 11)	669.60	560.14
Provision for doubtful advances/debts	1.72	37.43
Bad debts written off	32.94	6.87
Loss/(gain) on foreign exchange fluctuation	33.31	(16.80)
Loss on sale of property, plant and equipment	23.47	19.86
Management Fees	147.00	59.01
Miscellaneous expenses	2,664.18	2,768.12
	<b>27,345.26</b>	<b>30,365.80</b>

### 37 RELATED PARTY TRANSACTIONS

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related party relationship, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

#### List of related parties

##### Relationship

Key management personnel (KMP)

##### Name of related party

##### Executive directors

Mr. Sandip Somany- Chairman (Non-Executive Non-Independent Director)

Mr. Rakesh Kaul - Whole-time Director & CEO (w.e.f. 17-Sep-2019)

##### Executives/Key Managerial Personnel

Mr. Naveen Maikk-Chief Financial Officer (w.e.f. 17-Sep-2019)

Ms. Payal M Puri-Company Secretary (w.e.f. 17-Sep-2019)

##### Non-executive directors

Mr N K Goenka (ceased w.e.f. 17-Sep-2019)

Mr G L Sultania (ceased w.e.f. 17-Sep-2019)

Ms. Sumita Somany-Non-Executive Non-Independent Director (appointed on 14-Sep-2019 & ceased w.e.f. 11 March 2020)

Mr. Ashok Jaipuria- Independent Director (w.e.f. 14-Sep-2019)

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

Mr. Nand Gopal Khaitan-Independent Director (w.e.f. 14 September 2019)  
Mr. Salil Kumar Bhandari-Independent Director (w.e.f. 14 September 2019)  
Ms. Anisha Motwani-Independent Director (w.e.f. 11 February 2020)

Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company Textool Mercantile Private Limited

Post employment benefit plan Somany Provident Fund Institution

The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis.

(₹ in lakh)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Transactions during the year</b>				
<b>1. Rent paid</b>				
Textool Mercantile Private Limited	-	-	1.12	-
<b>2. Contribution made</b>				
Somany Provident fund Institutions	-	-	113.74	-
<b>3. Remuneration to Key Managerial Personnel</b>				
Mr. Rakesh Kaul (Refer Note 1 below)	83.72	-	-	-
Mr. Naveen Malik	34.34	-	-	-
Ms. Payal M Puri	32.73	-	-	-
Commission and other payments to non executive directors	8.26	-	-	-
<b>4. Balances outstanding at the end of the year</b>				
Textool Mercantile Private Limited	-	-	0.21	-
<b>5. Remuneration payable</b>				
Mr. Rakesh Kaul	6.72	-	-	-
Mr. Naveen Malik	3.01	-	-	-
Ms. Payal M Puri	3.32	-	-	-
Commission to non executive directors	6.01	-	-	-

### Note 1

The appointment and managerial remuneration paid to a Whole-time director is subject to approval of shareholders in the ensuing Annual General Meeting.

The remuneration and other transactions with members of key managerial personnel during the year was as follows:

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Short-term employee benefits <sup>#</sup>	152.47	-
Post-employment benefits		
- Defined contribution plan <sup>§</sup>	6.58	-
<b>Total</b>	<b>159.05</b>	<b>-</b>

<sup>#</sup> Including bonus, sitting fee, commission on accrual basis and value of perquisites.

<sup>§</sup> including provident fund, leave encashment paid and any other benefit.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 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 Lintied

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Nature of transaction</b>		
1. Purchase of Sanitaryware, faucet, pipe and other products	63,391.62	57,248.06
2. Management support services received	147.00	268.01
3. Management support services provided	1,977.74	899.00
4. Rent paid	891.88	974.00
5. Reimbursement of expenses received	0.87	104.00
6. Loan taken	1.00	12.00
7. Loan repayment	19.00	-
8. Interest on loan	0.88	0.89
<b>Balances outstanding as at the end of the year</b>		
Payable outstanding	2,497.40	418.98
Loan outstanding	-	18.00

### 38 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>(As certified by the management)</b>		
a) Demands raised by the service-tax authorities against which appeals have been filed	77.77	77.77
b) Demands made by the sales tax authorities against which appeals have been filed	1,428.78	610.77
c) Claims against the Group not acknowledged as debts	135.77	-

### 39 CAPITAL AND OTHER COMMITMENTS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
a) Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	483.28	356.95

### 40 PAYMENT TO STATUTORY AUDITORS (EXCLUDING GOODS AND SERVICE TAX)

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
As auditors	20.80	2.20
For taxation matters	4.75	0.75
Other services	8.85	0.30
For reimbursement of expenses	-	-
	<b>34.40</b>	<b>3.25</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 41 CURRENT TAX AND DEFERRED TAX

#### (a) Income tax expense through profit and loss

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Current tax:</b>		
Current income tax charge	1,830.23	4,283.99
Minimum alternate tax	0.03	-
MAT Credit Entitlement	(0.03)	-
	<b>1,830.23</b>	<b>4,283.99</b>
<b>Deferred tax:</b>		
In respect of current year origination and reversal of temporary differences	(824.56)	(1,272.27)
<b>Total tax expense recognised in profit and loss account</b>	<b>1,005.67</b>	<b>3,011.72</b>

#### (b) Income tax on other comprehensive income

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Current tax</b>		
Re-measurement of defined benefit obligations	14.13	(28.68)
	<b>14.13</b>	<b>(28.68)</b>

#### (c) Numerical reconciliation between average effective tax rate and applicable tax rate :

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the holding Company at 34.944% (31 March 2019: 34.944%) and the reported tax expense in the statement of profit and loss are as follows:

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Profit before tax</b>	<b>3,316.60</b>	<b>8,481.40</b>
Domestic tax rate for the holding Company	34.944%	34.944%
Latest statutory enacted income tax for the holding Company	1,158.95	2,963.74
<b>Tax effect of :</b>		
- Non deductible expenses	296.88	45.09
- Differential tax rate for foreign subsidiary	(19.06)	(19.46)
- Differential tax rate for domestic subsidiary	(559.86)	(18.79)
- Tax - exempt income	-	-
- Tax rate difference	67.52	-
- Notional interest income and notional rent expenses	-	-
- Earlier year income tax	-	-
- Deferred tax not recognised on subsidiary companies loss	-	-
Others	61.42	41.33
<b>Income-tax recognised in statement of profit and loss</b>	<b>1005.67</b>	<b>3,011.72</b>

(d) There is no change in statutory enacted income-tax rate during the financial year except as stated in point (e) blow.

(e) Adoption of new tax rate- During the year one of the subsidiary i.e. Brilloca Limited has decided to exercise the option permitted under section 115 BAA of the income tax Act, 1961 as introduced by the taxation laws (amendment ordinance, 2019) from the current financials year accordingly the provision for income tax and deferred tax balances in Brilloca Limited have been recorded/re-measured using the new tax rate and the resultant impact have been recognised in the respective current year audited financial statements.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 42 FINANCIAL INSTRUMENTS AND RISK REVIEW

#### Capital management

The Group manages its capital to be able to continue as a going concern while maximising the returns to shareholders through optimisation of the debt and equity balance. The capital structure consists of debt which includes the borrowings as disclosed in note 19 and 23; cash and cash equivalents as disclosed in note 12 and equity attributable to equity holders of the Group, comprising issued share capital, reserves and retained earnings as disclosed in the Statement of changes in equity. For the purpose of calculating gearing ratio, debt is defined as non current and current borrowings (excluding derivatives). Equity includes all capital and reserves of the Group attributable to equity holders of the Company. The Company is not subject to externally imposed capital requirements. The Board of Directors of the respective company in the Group reviews the capital structure and cost of capital on an annual basis but has not set specific targets for gearing ratios. The risks associated with each class of capital are also considered as part of the risk reviews presented to the Audit Committee and the Board of Directors of the respective company in the Group.

The following table summarises the capital of the Company

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Equity</b>	27,422.42	25,663.15
<b>Liquid assets (cash and cash equivalent and current investments) (a)</b>	293.86	2,202.49
Current borrowings (note 23)	27,795.49	25,272.00
Non-current borrowings (note 19)	4,756.96	5,000.00
Current maturities of non current borrowings (refer note 25)	253.04	-
<b>Total debt (b)</b>	<b>32,805.49</b>	<b>30,272.00</b>
<b>Net debt [c = (b) - (a)]</b>	32,511.63	28,069.51
<b>Total capital (equity+net debt)</b>	<b>59,934.05</b>	<b>53,732.65</b>
<b>Gearing ratio</b>		
Debt to equity	120%	118%
Net debt to equity ratio	119%	109%

#### Categories of financial instruments

##### Categories of financial assets/(liabilities)

(₹ in lakh)

Particulars	Notes	31 March 2020			31 March 2019		
		Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity
<b>Financial assets measured at amortised costs</b>							
Trade receivable	11	35,917.90	-	-	35,631.49	-	-
Loans	6, 14	610.21	-	-	500.84	-	-
Other financial assets	15	955.52	-	-	9,768.22	-	-
Cash and bank balances	12, 13	266.67	-	-	2,177.68	-	-
<b>Financial assets at amortised costs</b>		<b>37,750.30</b>	-	-	<b>48,078.23</b>	-	-
<b>Financial assets measured at fair value</b>							
Investments	10	27.19	1.56	-	26.99	1.87	-
<b>Financial assets at fair value</b>		<b>27.19</b>	<b>1.56</b>	-	<b>26.99</b>	<b>1.87</b>	-
<b>Total financial assets</b>		<b>37,777.49</b>	<b>1.56</b>	-	<b>48,105.22</b>	<b>1.87</b>	-
<b>Financial liabilities</b>							
<b>Financial liabilities measured at amortised cost</b>							
Current payables	23, 24, 25	54,147.96	-	-	56,041.55	-	-
Non-current payables	20	9,762.57	-	-	2,752.92	-	-
Non-current borrowings	19	4,756.96	-	-	5,000.00	-	-
<b>Financial liabilities measured at amortised cost</b>		<b>68,667.49</b>	-	-	<b>63,794.47</b>	-	-
<b>Total financial assets/(liabilities)</b>		<b>(30,890.00)</b>	<b>1.56</b>	-	<b>(15,689.25)</b>	<b>1.87</b>	-

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### Financial risk management objective

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Group is not engaged in speculative treasury activities but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

The use of any derivative is approved by the management of the respective company in the Group, which provide guidelines on the acceptable levels of interest rate risk, credit risk, foreign exchange risk and liquidity risk and the range of hedging requirement against these risks.

### Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Group is exposed to credit risk for receivables, cash and cash equivalents, short term investments, financial guarantee and derivative financial instruments.

### Cash and cash equivalents and short term investments

The Group considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally the balances are maintained with the institutions with which the Group has also availed borrowings. The Company does not maintain significant deposit balances other than those required for its day to day operations.

### Trade receivables

The Group extends credits to customer in normal course of the business. The Group considers the factors such as credit track record in the market of each customer and past dealings for extension of credit to the customer. The Group monitors the payment track record of each customer and outstanding customer receivables are regularly monitored. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located at several jurisdiction and industries and operate in large independent markets. The Group also takes advances and security deposits from customers which mitigate the credit risk to an extent.

The average credit period taken on sales of goods is 30 to 90 days. Generally, no interest has been charged on the receivables. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Group uses an internal credit system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. There are no customers who represent more than 10 per cent of total net revenue from operations. The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

### Expected credit loss :

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%)
Not due for payment	0
Up to 6 months	0
From 6 months to 1 year	0
From 1 year to 3 years	10to100
More than 3 years	100

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### Ageing of past due trade receivables

(₹ in lakh)

Period	As at 31 March 2020	As at 31 March 2019
Not due for payment	9,056.83	16,960.40
Up to 6 months	22,694.28	15,152.03
From 6 months to 1 year	1,726.01	1,650.30
From 1 year to 3 years	2,999.54	2,213.91
More than 3 years	2,373.28	1,917.30

### Ageing of impaired trade receivables

(₹ in lakh)

Period	As at 31 March 2020	As at 31 March 2019
Up to 6 months	-	3.11
From 6 months to 1 year *	75.37	14.38
From 1 year to 3 years	483.39	327.66
More than 3 years	2,373.28	1,917.30

\* Based upon lifetime expected credit loss

### Liquidity risk:

Liquidity risk reflects the risk that the Group will have insufficient resources to meet its financial liabilities as they fall due.

The Group objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Group monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that it does not breach borrowing limits.

The table below provides undiscounted cash flows towards non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date and, where applicable, their effective interest rates.

(₹ in lakh)

Particulars	As at 31 March 2020				Total
	Notes	not later than one year	later than one year and not later than five years	later than five years	
<b>Financial liabilities</b>					
Borrowings - bank loans	19,23,25	28,048.53	2,756.96	2,000.00	32,805.49
Current payables	24,25	26,687.61	-	-	26,687.61
Non-current payables	`20	-	6,772.92	4,501.42	11,274.34
<b>Total</b>		<b>54,736.14</b>	<b>9,529.88</b>	<b>6,501.42</b>	<b>70,767.44</b>

(₹ in lakh)

Particulars	As at 31 March 2019				Total
	Notes	not later than one year	later than one year and not later than five years	later than five years	
<b>Financial liabilities</b>					
Borrowings - bank loans	19,23,25	25,272.00	2,250.00	2,750.00	30,272.00
Current payables	24,25	30,769.55	-	-	30,769.55
Non-current payables	`20	-	-	2,752.92	2,752.92
<b>Total</b>		<b>56,041.55</b>	<b>2,250.00</b>	<b>5,502.92</b>	<b>63,794.47</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including :

Forward foreign exchange contract to hedge the exchange rate risk arising on the export of its products.

Forward foreign exchange contract to hedge the exchange rate risk arising on translation of the foreign currency loans.

### Currency risk

The Group undertakes various transactions denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Group transacts business primarily in Indian Rupee, USD, Euro and AED. The Group has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. Certain transactions of the Group act as a natural hedge as a portion of both assets and liabilities are denominated in similar foreign currencies. For the remaining exposure to foreign exchange risk, the Company adopted a policy of selective hedging based on risk perception of the management. Foreign exchange hedging contracts are carried at fair value.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Currency	(in lakh)	
		As at 31 March 2020	As at 31 March 2019
Trade receivables	USD	14.46	5.61
Trade payables	USD	11.53	0.36
	EUR	1.09	0.49
	AED	0.13	-
<b>Currency rate</b>		<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
USD		75.3859	69.1713
EUR		83.0496	77.7024
AED		20.4905	18.9443

Of the above foreign currency exposures, following exposures are not hedged:

Particulars	Currency	(in lakh)	
		As at 31 March 2020	As at 31 March 2019
Trade receivables	USD	14.46	5.61
Trade payables	USD	11.53	0.36
	EUR	1.09	0.49
	AED	0.13	-

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### Sensitivity analysis

The following table demonstrates the sensitivity of profit and equity in USD, Euro and AED to the Indian Rupee with all other variables held constant. The impact on the Group's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities is given below:

Currency	Change in currency exchange rate	(₹ in lakh)	
		Effect on profit before tax 31 March 2020	Effect on profit before tax 31 March 2019
USD	5%	11.07	18.16
	-5%	(11.07)	(18.16)
EUR	5%	(4.53)	(1.90)
	-5%	4.53	1.90
AED	5%	(0.13)	-
	-5%	0.13	-

This is mainly attributable to the exposure outstanding on foreign currency receivables and payables in the Group at the end of each reporting period.

### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to long term debts. Its objective in managing its interest rate risk is to ensure that it always maintain sufficient head room to cover interest payment from anticipated cash flows which is regularly reviewed by the board/nominated committee as well.

The following table demonstrates the sensitivity in the interest rate with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the interest rates is given below:

Particulars	Change in interest rate	(₹ in lakh)	
		Effect on profit before tax 31 March 2020	Effect on profit before tax 31 March 2019
Non-current borrowings	0.50%	(25.05)	(25.00)
	-0.50%	25.05	25.00

### Commodity risk

The Group is exposed to the movement in the price of key traded goods in the domestic and international markets. The Company has in place policies to manage exposure to fluctuation the prices of key traded goods. The Company enter into contracts for procurement of traded goods, most of the transactions are short term fixed price contract and a few transactions are long term fixed price contracts.

### Fair valuation techniques and inputs used

Financial assets	Fair value as at (₹ in lakh)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31 March 2020	31 March 2019				
Current investments	27.19	26.99	1	-	-	-

### Other financial instruments

The carrying amount of the financial assets and liabilities carried at amortised cost is considered a reasonable approximation of fair value.

## 43 SEGMENT REPORTING

### Identification of segment:

The group's operating business are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The group has accordingly identified to primary business segments i.e. building products, consumer products and retail business.

The activities of the group are primarily limited with in the Indian Territories having no variation in risk and returns. Consequently, information in respect of geographical segment in not given.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

**Unallocated items:** The corporate and other segment includes general corporate income and expense items, which not allocated to any business segment.

(₹ in lakh)

PARTICULARS	Building products	Consumer products	Retail business	Others	Inter segment elimination	Unallocated	Total
<b>Segment revenue</b>							
For the year ended 31 March 2020	1,16,087.50	36,157.95	9,067.00	-	-	-	1,61,312.45
For the year ended 31 March 2019	1,27,151.08	30,562.96	9,373.38	-	-	-	1,67,087.42
<b>Other income</b>							
For the year ended 31 March 2020	2,054.21	308.67	85.75	1.14	(24.62)	6.25	2,431.40
For the year ended 31 March 2019	1,409.92	35.82	2.13	4.87	(556.25)	-	896.49
<b>Segment results</b>							
For the year ended 31 March 2020	7,675.48	576.19	(1,495.66)	(56.57)	-	(51.36)	6,648.08
For the year ended 31 March 2019	13,397.46	(397.99)	(1,401.51)	(40.41)	-	(209.10)	11,348.45
<b>Interest expenses</b>							
For the year ended 31 March 2020	-	-	-	-	-	-	3,331.48
For the year ended 31 March 2019	-	-	-	-	-	-	2,851.69
<b>Exceptional item</b>							
For the year ended 31 March 2020	-	-	-	-	-	-	-
For the year ended 31 March 2019	-	-	-	15.36	-	-	15.36
<b>Income tax (including deferred tax)</b>							
For the year ended 31 March 2020	-	-	-	-	-	-	1,005.67
For the year ended 31 March 2019	-	-	-	-	-	-	3,011.72
<b>Profit after tax</b>							
For the year ended 31 March 2020	-	-	-	-	-	-	2,310.93
For the year ended 31 March 2019	-	-	-	-	-	-	5,469.68
<b>Other information</b>							
<b>Segment assets</b>							
31 March 2020	61,264.70	28,338.76	7,872.06	88.14	-	3,407.63	1,00,971.29
31 March 2019	69,020.89	21,016.44	4,618.74	120.42	-	2,784.63	97,561.12
<b>Segment liabilities</b>							
31 March 2020	43,404.71	19,328.36	10,731.76	24.67	-	59.37	73,548.87
31 March 2019	52,060.66	13,248.13	6,531.35	21.09	-	36.74	71,897.97
<b>Capital expenditure</b>							
For the year ended 31 March 2020	2,128.94	943.05	48.99	-	-	-	3,120.98
For the year ended 31 March 2019	3,081.32	794.89	49.59	64.93	-	-	3,990.72
<b>Depreciation and amortisation</b>							
For the year ended 31 March 2020	2,412.55	896.53	1,286.65	3.54	-	-	4,599.27
For the year ended 31 March 2019	1,412.49	290.53	263.85	2.28	-	-	1,969.15
<b>Other non-cash expenses</b>							
<b>Provision for doubtful debts and advances</b>							
For the year ended 31 March 2020	591.14	66.02	14.16	-	-	-	671.32
For the year ended 31 March 2019	513.32	65.65	18.60	-	-	-	597.57

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 4.4 EMPLOYEE BENEFITS

#### A. Defined contribution plan

The Group operates defined contribution retirement benefit plans for all employees. The assets of the plans are held separately from those of the Companies in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The Company and a subsidiary contribution to Provident Fund and Superannuation Fund aggregating to ₹ 531.20 lakh (previous year ₹ 442.60 lakh) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

#### B. Defined benefit plans

##### Gratuity

The Company and a subsidiary operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the respective company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Birla Sun Life Insurance Company Limited. (Refer note 47 & 50)

Details of the Group's defined benefit plans are as follows:

Particulars	(₹ in lakh)	
	Gratuity (Funded plan)	
	31 March 2020	31 March 2019
Current service cost	169.34	126.76
Net interest expense/(income)	(0.63)	(0.16)
Components of defined benefit costs recognised in profit or loss	168.71	126.60
Net actuarial (gain)/loss	31.39	(75.30)
Expected return on plan assets excluding interest income	20.80	(6.83)
Components of defined benefit costs recognised in other comprehensive income	52.19	(82.13)
<b>I. Net asset/(liability) recognised in the balance sheet as at 31 March</b>		
1. Present value of defined benefit obligation	730.09	537.84
2. Fair value of plan assets	562.57	526.31
3. Deficit	167.52	11.53
4. Current portion of the above	166.68	11.10
5. Non-Current Portion of the above	0.84	0.43
<b>II. Change in the obligation during the year ended 31 March</b>		
1. Present value of defined benefit obligation at the beginning of the year*	537.84	513.96
2. Expenses recognised in the statements of profit and loss		
- Current service cost	169.34	126.76
- Interest expense	34.36	36.90
3. Recognised in other comprehensive income		
- Actuarial (gain)/loss arising from experience adjustments	(46.61)	(79.00)
- Actuarial (gain)/loss arising from financial assumption	78.00	3.70
4. Benefit payments	(42.84)	(64.48)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>730.09</b>	<b>537.84</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Gratuity (Funded plan)	
	31 March 2020	31 March 2019
<b>III. Change in fair value of assets</b>		
1. Fair value of plan assets at the beginning of the year *	526.31	483.80
2. Recognised in the statement profit and loss		
- Expected return on plan assets	34.99	37.06
3. Recognised in other comprehensive income		
- Actual return on plan assets in excess of the expected return	(20.80)	6.83
4. Contributions by employer (including benefit payments recoverable)	64.91	63.10
5. Benefit payments	(42.84)	(64.48)
<b>Fair value of plan assets at the end of the year</b>	<b>562.57</b>	<b>526.31</b>
<b>IV. The major categories of plan assets</b>		
The Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Company was informed by BSL that the planned assets are held in growth/fixed interest bonds.		
<b>V. Actuarial assumptions</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
1. Discount rate	6.65%-6.80%	7.65% - 7.70%
2. Expected rate of increase in compensation level	5.50% - 6.50%	5.50% - 6.50%
3. Expected rate of return on plan assets	6.65%	7.65% - 7.70%
4. Attrition rate	1.00%	1.00%
5. Mortality table	IALM 2006-08	IALM 2006-08
6. Superannuation age	58	58

### VI. Sensitivity analysis

(₹ In lakh)

Particulars	31 March 2020		31 March 2019	
	Change in assumption	Effect on gratuity obligation	Change in assumption	Effect on gratuity obligation
<b>Discount rate</b>	0.50%	(42.62)	0.50%	(31.41)
	-0.50%	46.65	-0.50%	34.34
<b>Expected rate of increase in compensation level</b>	0.50%	43.87	0.50%	32.84
	-0.50%	(40.79)	-0.50%	(30.22)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the balance sheet.

### VII. Experience adjustments :

(₹ in lakh)

Particulars	Year ended 2019-20	Year ended 2018-19
1. Defined benefit obligation	730.09	537.84
2. Fair value of plan assets	562.57	526.31
3. Surplus/(deficit)	(167.52)	(11.54)
4. Experience adjustment on plan liabilities gain/(loss)	46.61	79.00

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

\*For opening as on 1 April 2018 transfer pursuant to Scheme of arrangement (Refer note 47 & 50)

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### C. Other long-term benefits - Compensated absences (unfunded)

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Amounts recognised in the balance sheet</b>		
Non current (refer note 21)	471.71	403.42
Current (refer note 28)	24.11	21.04
	<b>495.82</b>	<b>424.46</b>
<b>Amounts recognised in the statement of profit and loss</b>		
Current service cost	151.66	126.78
Interest cost	32.47	23.68
Actuarial loss	27.58	30.17
<b>Total included in employee benefits expense</b>	<b>211.71</b>	<b>180.63</b>
<b>Reconciliation of opening and closing balances of benefit obligations</b>		
<b>Change in benefit obligation</b>		
Defined benefit obligation at the beginning of the year *	424.46	307.06
Interest cost	32.47	23.68
Current service cost	151.66	126.78
Benefits paid	(140.35)	(63.23)
Actuarial loss	27.58	30.17
<b>Defined benefit obligation at the end of the year</b>	<b>495.82</b>	<b>424.46</b>

\* For opening as on 1 April 2018 transfer pursuant to Scheme of arrangement (Refer note 47)

### 45 EARNINGS PER SHARE

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit for the year attributable to owners of the Company (₹ in lakh)	2,310.93	5,469.68
Weighted average number of equity shares (nos.)	72,296,395	7,22,96,395
Nominal value per share (₹)	2.00	2.00
Earnings per share - basic and diluted (₹)	3.20	7.57

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

### 46 ADOPTION OF IND AS 116 LEASES

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method. Consequently, the company recorded the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate and the right of use asset at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2020.

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognised on a straight line basis over the term of the relevant lease.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

The following is the break-up of current and non-current lease liabilities as at 31 March 2020

Particulars	Amount (₹ in lakh)
Current lease liabilities	1,348.54
Non current lease liabilities	6,785.94
<b>Total</b>	<b>8,134.48</b>

The following is the movement in lease liabilities during the year ended 31 March 2020:

Particulars	Amount (₹ in lakh)
<b>Balance at the beginning</b>	-
Addition	9,551.70
Finance cost accrued during the period	616.16
Deletions	-
Payment of lease liabilities	2,033.39
<b>Balance at the end</b>	<b>8,134.48</b>

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Particulars	Amount (₹ in lakh)
Less than one year	1,936.73
One to five years	6,772.92
More than five years	1,524.79
<b>Total</b>	<b>10,234.44</b>

Rental expense recorded for short-term leases was ₹ 1,339.58 lakh for the year ended 31 March 2020.

### 47 SCHEME OF ARRANGEMENT

(a) The Board of Directors of the Somany Home Innovation Limited ("Company"/ "SHIL") 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 was approved by the Hon'ble Kolkata Bench of National Company Law Tribunal vide its order dated 26 June 2019, certified copy of the order dated 22 July 2019 was filed with Registrar of Companies, West Bengal on 5 August 2019 and accordingly the Scheme came into effect. The Scheme was effective from the Appointed Date i.e. 1 April 2018. The Ind AS financial statements of the Company for the year ended 31 March 2019 were approved by shareholders in its annual general meeting held on 2 September 2019 and subsequently to give effect of the Scheme, the comparative financial statements for the year ended 31 March 2019 have been restated. The effects of the Scheme has been incorporated in this restated Financial statements for the year ended 31 March 2019.

The restated financials statements are to be approved by shareholders in the ensuing annual general meeting.

- (b) In terms of the Scheme, the 100 percent (%) equity share capital of 5,00,000 of ₹ 2/- each of the Company held by HSIL Limited (erstwhile holding Company) stands cancelled, and existing shareholders of HSIL Limited (transferor Company) was issued and allotted fully paid up one equity share of SHIL of face value of ₹2/- each for every one equity share held by them in the HSIL as on the record date i.e. 20 Aug 2019. Pending allotment of equity shares as above to shareholders of HSIL Limited, ₹ 1,445.93 lakh was shown as "Share Capital Suspense Account" as on 31 March 2019 and during the year the same has been transferred to equity share capital account on allotment of shares.
- (c) The certain necessary steps and formalities in respect of transfers of properties, investments, trademark & licences in pursuant to the Scheme are under process.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

(d) Pursuant to the Scheme, the following assets and liabilities have been taken over by the Company as on 1 April 2018 (Appointed date):

### Balance Sheet as at 1 April 2018

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

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

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 48 FINANCIAL INSTRUMENT BY CATEGORY

(₹ in lakh)

Particulars	As at 31 March 2020			As at 31 March 2019		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
<b>Non current financial assets</b>						
Investments	-	-	-	-	-	-
Loans	-	-	603.39	-	-	498.16
Other financial assets	-	-	-	-	-	-
<b>Current financial assets</b>						
Investments	-	27.19	-	-	26.99	-
Trade receivable	-	-	35,917.90	-	-	35,631.49
Cash and cash equivalents	-	-	266.67	-	-	2,175.51
Bank balances other than cash and cash equivalents	-	-	-	-	-	2.17
Loans	-	-	6.82	-	-	2.68
Other financial assets	-	-	955.52	-	-	9,768.22
<b>Total financial assets</b>	<b>-</b>	<b>27.19</b>	<b>37,750.30</b>	<b>-</b>	<b>26.99</b>	<b>48,078.23</b>
<b>Non current financial liabilities</b>						
Non-current borrowings	-	-	4,756.96	-	-	5,000.00
Other financial liabilities	-	-	9,762.57	-	-	2,752.92
<b>Current financial liabilities</b>						
Current borrowings	-	-	27,795.49	-	-	25,272.00
Trade payables	-	-	11,218.98	-	-	17,031.75
Other financial liabilities	-	-	15,133.49	-	-	13,737.80
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>68,667.49</b>	<b>-</b>	<b>-</b>	<b>63,794.47</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

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### Additional information to consolidated financial statements as at 31 March 2020 (Pursuant to Schedule III to the Companies Act, 2013)

(₹ in lakh)

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss
<b>Parent Company</b>								
Somany Home Innovation Limited	9,104.88	33.20	878.27	38.00	(5.70)	15.09	872.57	38.39
<b>Subsidiaries:</b>								
Hindware Home Retail Private Limited	(57.08)	(0.21)	(39.18)	(1.70)	(0.25)	0.65	(39.43)	(1.73)
Hintastica Private Limited	17.69	0.06	(2.31)	(0.10)	-	-	(2.31)	(0.10)
Brilloca Limited	18,579.26	67.75	4,033.44	174.54	(32.11)	85.00	4,001.33	176.03
Luxxis Heating Solutions Private Limited	18.69	0.07	0.20	0.01	-	-	0.20	0.01
Halis International Limited	94.80	0.35	(7.15)	(0.31)	1.28	(3.40)	(5.87)	(0.26)
Alchemy International Cooperatief U.A.	6.91	0.03	(50.48)	(2.18)	(2.92)	7.73	(53.40)	(2.35)
Haas International B.V.	58.88	0.21	(30.68)	(1.33)	1.92	(5.08)	(28.76)	(1.27)
Queo Bathroom Innovations Limited	33.38	0.12	(5.14)	(0.22)	-	-	(5.14)	(0.23)
Less: Assets eliminated on consolidation	(434.99)	(1.59)	(2,466.04)	(106.71)	-	-	(2,466.04)	(108.49)
<b>Total</b>	<b>27,422.42</b>	<b>100.00</b>	<b>2,310.93</b>	<b>100.00</b>	<b>(37.78)</b>	<b>100.00</b>	<b>2,273.15</b>	<b>100.00</b>

### Additional information to consolidated financial statements as at 31 March 2019 (Pursuant to Schedule III to the Companies Act, 2013):

(₹ in lakh)

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss
<b>Parent Company</b>								
Somany Home Innovation Limited	8,232.31	32.08	(1,879.17)	(34.36)	17.19	17.12	(1,861.98)	(33.43)
<b>Subsidiaries:</b>								
Hindware Home Retail Private Limited	(17.65)	(0.07)	27.23	0.50	0.06	0.06	27.29	0.49
Brilloca Limited	17,591.81	68.55	7,377.60	134.88	36.20	36.04	7,413.80	133.10
Luxxis Heating Solutions Private Limited	18.49	0.07	0.27	0.00	-	-	0.27	0.00
Halis International Limited	100.66	0.39	(5.17)	(0.09)	(3.77)	(3.75)	(8.94)	(0.16)
Alchemy International Cooperatief U.A.	32.43	0.13	(31.91)	(0.58)	(1.87)	(1.86)	(33.78)	(0.61)
Haas International B.V.	53.99	0.21	(19.15)	(0.35)	53.22	52.98	34.07	0.61
Queo Bathroom Innovations Limited	33.93	0.13	(0.02)	(0.00)	(0.59)	(0.59)	(0.61)	(0.01)
Less: Assets eliminated on consolidation	(382.82)	(1.49)	-	-	-	-	-	-
<b>Total</b>	<b>25,663.15</b>	<b>100.00</b>	<b>5,469.68</b>	<b>100.00</b>	<b>100.44</b>	<b>100.00</b>	<b>5,570.12</b>	<b>100.00</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 50 GRATUITY VALUATION

Gratuity liability as on 31 March 2020 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 Brillloca has been done on the basis of estimates as per the management of the Company and transferor Company (HSIL) (Refer note 47).

### 51 IMPACT OF COVID-19

The outbreak of COVID-19 Pandemic has caused global widespread economic disruptions leaving uncertainties with respect to severity & its impact on businesses, which currently cannot be reasonably ascertained. The Group has up to the date of approval of financial statements, evaluated and factored in to the extent possible likely material events & circumstances arising from COVID-19 pandemic and their impact on carrying value of its Assets & Liabilities as at 31 March 2020. Based on current indicators of future economic conditions, the Group expects to recover carrying amount of its Assets as on 31 March 2020. The impact of any future events & developments emerging out of COVID-19 Pandemic, if any, and occurring after the balance sheet date and relating to the Assets & Liabilities of the Group as on 31 March 2020 will be recognised prospectively. Considering current market scenario and group's quality product portfolio, brand image, long-standing relationships & goodwill with its customers, suppliers and other stakeholders, Group expects that the business operations, cash flows, future revenue, assets and liabilities will sustain going forward in long term.

### 52 PROPOSED DIVIDEND

In respect of the current year ended 31 March 2020, the directors propose that a dividend of ₹ 0.15/- per share to be paid on equity shares of ₹ 2 per share. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members. The total estimated equity dividend to be paid is ₹ 108.44 lakh.

### 53

Previous period figures have been regrouped/re-arranged wherever considered necessary to confirm to the current year's classification.

In terms of our report attached.

For and on behalf of the Board of Directors

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

**Rakesh Kaul**  
Whole-time Director and CEO  
DIN: 08560772

**Sandip Somany**  
Chairman  
DIN: 00053597

**N. K. Lodha**  
Partner  
M. No. 85155  
Place : New Delhi  
Date : 23 June 2020

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

**Naveen Malik**  
Chief Financial Officer

Place : Gurugram  
Date : 23 June 2020

# FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rule, 2014)  
Statement containing salient features of the financial statement of subsidiary/associate companies/joint ventures

## PART "A" : SUBSIDIARIES

Sr. No.	Name of Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments (Other than subsidiary)	Turnover (including other operating income)	Profit before taxation	Provision for taxation	Profit after taxation	Other comprehensive income	Total comprehensive income for the year	Proposed dividend	% of shareholding (including stepdown subsidiary holding)
1	Hindware Home Retail Pvt. Ltd. (Subsidiary of Somany Home Innovation Limited)	Reporting period is same as holding company	INR	64.00	(121.08)	296.82	296.82	-	865.77	(39.18)	-	(39.18)	(0.25)	(39.43)	-	100%
2	Briiloca Limited (Subsidiary of Somany Home Innovation Limited)		INR	10.00	18,569.26	61,945.33	61,945.33	8.31	1,16,087.50	5,663.25	1,629.81	4,033.44	(32.11)	4,001.33	-	100%
3	Himastica Private Limited (Subsidiary of Somany Home Innovation Limited)		INR	20.00	(2.31)	19.84	19.84	-	-	(2.31)	-	(2.31)	-	(2.31)	-	100%
4	Luxis Heating Solutions Private Limited (Subsidiary of Somany Home Innovation Limited)		INR	20.00	(1.31)	19.24	19.24	18.87	-	0.20	-	0.20	-	0.20	-	100%
5	Halis International Ltd. (Subsidiary of Briiloca Ltd.)		USD 1 = INR 75.3859	1,958.55	(1,863.75)	95.93	95.93	-	-	(7.15)	-	(7.15)	1.28	(5.87)	-	100%
6	Alchemy International Cooperatief U.A.* (Subsidiary of Halis International Ltd.)		EURO 1 = INR 83.0496	1,883.41	(1,876.50)	52.43	52.43	-	-	(50.48)	-	(50.48)	(2.92)	(53.40)	-	100%
7	Haas International B.V. (Subsidiary of Alchemy International Cooperatief U.A.)		EURO 1 = INR 83.0496	10.88	48.01	66.29	66.29	-	-	(30.68)	-	(30.68)	1.92	(28.76)	-	100%
8	Queo Bathroom Innovations Ltd. (Subsidiary of Haas International B.V.)		GBP 1 = INR 93.0760	0.80	32.58	33.80	33.80	-	-	(5.14)	-	(5.14)	-	(5.14)	-	100%

\* Alchemy International Cooperatief U.A. is a cooperative with exclusion of liability, incorporated and existing under the law of The Netherlands. The Members of Alchemy International Cooperatief U.A. are: Halis International Limited with a membership right of 99.99% and Somany Home Innovation Limited with a membership right of 0.01%.

- Name of subsidiaries which are yet to commence operations : Nil
- Name of subsidiaries which have been liquidated or sold during the year : Nil

## PART "B" : ASSOCIATES AND JOINT VENTURES

Statement pursuant to section 129 (3) of the Companies Act, 2013 related to associate companies/joint ventures

Sr. No.	Name of Associates/Joint Ventures	1. Latest audited Balance Sheet Date	2. Share of Associate/Joint Venture held by the company on the year end	3. Description of how there is significant influence	4. Reason why the associate/joint venture is not consolidated	5. Networth attributable to Shareholding as per latest audited Balance Sheet	6. Profit/Loss for the year
	No.	Amount of investment in Associates/Joint Venture	Extend of Holding %	Nil			
1.	Name of associates or joint ventures which are yet to commence operations : Nil						
2.	Name of associates or joint ventures which have been liquidated or sold during the year : Nil						

- Name of associates or joint ventures which are yet to commence operations : Nil
- Name of associates or joint ventures which have been liquidated or sold during the year : Nil

Place : Gurugram  
Date : 23 June 2020

**Rakesh Kaul**  
Whole-time Director and CEO  
DIN: 08560772

**Sandip Somany**  
Vice Chairman and Managing Director  
DIN: 00053597

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

**Naveen Malik**  
Chief Financial Officer

**SOMANY HOME INNOVATION LIMITED**

CIN: L74999WB2017PLC222970

Registered Office: 2, Red Cross Place, Kolkata - 700 001, West Bengal, India

Phone: +91-33-2248 7407/5668,

E-mail: investors@shilgroup.com; Website: www.shilgroup.com

**NOTICE**

Notice is hereby given that the third Annual General Meeting of the members of Somany Home Innovation Limited will be held on Thursday, 3 September 2020 at 12.00 Noon (IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following businesses:

**ORDINARY BUSINESS**

1. To consider and adopt:

The audited financial statements of the Company for the financial year ended 31 March 2020, the reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company for the financial year ended 31 March 2020 and Auditors' Report thereon.

2. To declare Dividend on Equity Shares for the year ended 31 March 2020.
3. To appoint a Director in place of Mr. Sandip Somany (DIN 00053597) who retires by rotation and, being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS**

4. **Appointment of Mr. Nand Gopal Khaitan as an Independent Director of the Company**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Act and any other applicable provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, Mr. Nand Gopal Khaitan (DIN: 00020588), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 14 September 2019 to hold office upto the date of this Annual General Meeting in terms of Section 161 of the Act and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature

for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years with effect from 14 September 2019.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform all such acts and things and to sign all such deeds and documents, as may be considered necessary, desirable or expedient to give effect to this resolution."

5. **Appointment of Mr. Salil Kumar Bhandari as an Independent Director of the Company**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Act and any other applicable provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, Mr. Salil Kumar Bhandari (DIN: 00017566), who was appointed as an Additional Director designated as Independent Director of the Company by the Board of Directors with effect from 14 September 2019 to hold office upto the date of this Annual General Meeting in terms of Section 161 of the Act and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years with effect from 14 September 2019.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform all such acts and things and to sign all such deeds and documents, as may be considered necessary, desirable or expedient to give effect to this resolution."

6. **Appointment of Mr. Ashok Jaipuria as an Independent Director of the Company**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Act and any other applicable provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, Mr. Ashok Jaipuria (DIN: 00214707), who was appointed as an Additional Director designated as Independent Director of the Company by the Board of Directors with effect from 14 September 2019 to hold office upto the date of this Annual General Meeting in terms of Section 161 of the Act and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1) (b) of Listing Regulations and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years with effect from 14 September 2019.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform all such acts and things and to sign all such deeds and documents, as may be considered necessary, desirable or expedient to give effect to this resolution."

7. **Appointment of Ms. Anisha Motwani as an Independent Director of the Company**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Act and any other applicable provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, Ms. Anisha Motwani (DIN: 06943493), who was appointed as an Additional Director designated as Independent Director of the Company by the Board of Directors with effect from

11 February 2020 to hold office upto the date of this Annual General Meeting in terms of Section 161 of the Act and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1) (b) of Listing Regulations and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years with effect from 11 February 2020.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform all such acts and things and to sign all such deeds and documents, as may be considered necessary, desirable or expedient to give effect to this resolution."

8. **Appointment of Mr. Rakesh Kaul as Director of the Company**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, Mr. Rakesh Kaul (DIN: 08560772), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 17 September 2019 to hold office upto the date of this Annual General Meeting in terms of Section 161 of the Act and who has submitted a declaration that he is not disqualified to be appointed as Director under provisions of the Act and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform all such acts and things and to sign all such deeds and documents, as may be considered necessary, desirable or expedient to give effect to this resolution."

9. **Approval for appointment of Mr. Rakesh Kaul as Whole-time Director and Chief Executive Officer and remuneration payable thereof**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 2(18), 2(94), 196, 197, 203 and other applicable provisions of the Act, if any, read with Schedule V and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Articles of Association of the Company and recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, consent of the members of the Company be and is hereby accorded for appointment of Mr. Rakesh Kaul (DIN: 08560772) as an Executive Director of the Company, designated as Whole-time Director and Chief Executive Officer for a period of 3 years w.e.f. 17 September 2019 and who shall be the Key Managerial Personnel, on the terms and conditions including remuneration payable as set out in the Explanatory Statement annexed hereto, which in any financial year, may exceed 5% of the net profits of the Company in accordance with the provisions of the Act or such other limits as may be prescribed from time to time subject to the Nomination and Remuneration Policy of the Company.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year, notwithstanding anything to the contrary herein contained, during his tenure, the existing remuneration shall be paid as minimum remuneration subject to the provisions of Part II of Schedule V of the Act or any amendments thereto.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform all such acts and things and to sign all such deeds and documents, as may be considered necessary, desirable or expedient to give effect to this resolution.”

By order of the Board  
**For Somany Home Innovation Limited**

**(Payal M. Puri)**

Company Secretary &

V. P. Group General Counsel

Membership No. A16068

Place : Gurugram

Date : 23 June 2020

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) setting out material facts on special business under Sl. Nos. 4 to 9, is annexed hereto.
2. In view of the current circumstances due to pandemic caused by COVID-19 prevailing in the country, requiring social distancing, and pursuant to General Circulars Nos. 14/2020, 17/2020 and 20/2020 dated 8 April 2020, 13 April 2020 and 5 May 2020 respectively issued by Ministry of Corporate Affairs (“MCA Circulars”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 issued by Securities and Exchange Board of India (“SEBI Circular”), the 3rd Annual General Meeting (“AGM”)

of the Company is being conducted through VC/OAVM, which does not require the physical presence of members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company.

3. Pursuant to MCA Circulars, since the AGM is conducted through VC/OAVM, where physical presence of members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies under Section 105 of the Act is not available for this AGM. However, in pursuance of Section 112 and 113 of the Act, representatives of the Bodies Corporate/ Members may be appointed for the purpose of voting through remote e-voting and for participation and voting in the AGM through VC/OAVM.
4. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. **M/s. Lodha & Co., Chartered Accountants, Firm Registration No. 301051E, were appointed as Statutory Auditors of the Company from the conclusion of 1st Annual General Meeting till the conclusion of 6th Annual General Meeting of the Company, subject to ratification at every Annual General Meeting of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors. The Ministry of Corporate Affairs (MCA) vide its circular dated 7 May 2018 notified various sections of The Companies (Amendment) Act, 2017, thereby modifying Section 139 of Companies Act, 2013. Accordingly, the requirement for ratification of appointment of Statutory Auditors by the shareholders at every Annual General Meeting has been omitted, hence no such resolution is proposed at this Annual General Meeting.**
6. A copy of the financial statements of the Company for the financial year ended 31 March 2020 together with the Auditors’ and Directors’ Report thereon are enclosed.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from 26 August 2020 to 3 September 2020 (both days inclusive). Dividend on Equity Shares, if declared at the meeting, will be paid to those shareholders whose names appear on the Company’s Register of Members on 25 August 2020 and in respect of shares held in the dematerialised form, dividend will be paid to the beneficial owners as per details furnished by the Depositories for this purpose as on close of business hours of Tuesday, 25 August 2020. The dividend, if declared, shall be paid by 14 September 2020.
8. Dividend, if declared, at the Annual General Meeting will be credited to the Bank account of respective Shareholders through National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS)

where such facility is available. Members holding shares in electronic mode are therefore requested to furnish their Bank particulars in which they wish to receive dividend, through their Depository Participants (DPs). Members holding shares in physical form, if any, and desirous of availing the NECS / ECS facility, are requested to update their Bank particulars by sending it to the Company's Registrar and Share Transfer Agent ("RTA"), M/s. Maheshwari Datamatics Private Limited, directly for instant credit of dividend and other cash entitlements.

9. Members holding shares in physical form, if any, and desirous of making a nomination or cancellation/variation in nomination already made in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form No. SH.13 to the Registrar and Share Transfer Agent of the Company for nomination and Form No. SH.14 for cancellation/ variation as the case may be. Shareholders holding shares in demat form are also advised to avail nomination facility by submitting the prescribed form to their respective Depository Participants (DPs).
10. As a part of 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the RTA in case the shares are held by them in physical form, if any.
11. In compliance with the MCA Circulars and SEBI Circular dated 12 May 2020, Notice of the AGM along with the Annual Report for the FY 2019-20 are being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report for the FY 2019-20 are also available on the Company's website [www.shilgroup.com](http://www.shilgroup.com), websites of National Stock Exchange of India Limited and BSE Limited and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com).
12. Securities and Exchange Board of India ("SEBI") has made it mandatory for all companies to use the bank account details furnished by the Depositories and the bank account details maintained by the Registrar and Share Transfer Agents for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through ECS/ NECS/Real Time Gross Settlement (RTGS)/Direct Credit, etc.

As directed by SEBI, the Members holding shares in physical form, if any, are requested to submit particulars of their bank account alongwith the original cancelled cheque bearing the name of the Member to RTA/Company to update their bank account details.

Members holding shares in demat form are requested to update their bank account details with their respective Depository Participant. The Company or RTA cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Further instructions, if any, already given by them in respect of shares held in physical form, if any, will not be automatically applicable to shares held in the electronic mode.

Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1 April 2020 and the Company is required to deduct income tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ RTA (in case of shares held in physical mode, if any) by clicking on <http://mdpl.in/form/pan-update> and depositories (in case of shares held in demat mode) on or before 25 August 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at applicable rates as mentioned in Finance Act, 2020.

13. Keeping in view the current pandemic situation, in the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ Bankers' cheque/ DD to such Member, at the earliest once the normalcy is restored.
14. As required under Regulations 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the relevant information in respect of Directors seeking appointment/re-appointment at the Annual General Meeting is provided herein below and forms a part of this Notice.
15. For shareholders holding shares in physical form, if any, please send all correspondence including requests for change of address etc. to Registrar and Share Transfer Agent of the Company.
16. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.
17. The Company has designated an exclusive e-mail ID "investors@shilgroup.com" for redressal of shareholders' complaints/grievances. If you have any query please write to us at [investors@shilgroup.com](mailto:investors@shilgroup.com).
18. Electronic copy of all the documents as required under the Act and referred to in the accompanying Notice

of the AGM and the Explanatory Statement shall be available for inspection in the Investor Section of the website of the Company at [www.shilgroup.com](http://www.shilgroup.com).

19. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the AGM through VC/OAVM Facility.
20. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
21. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorised e-voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

**THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:**

- (i) The voting period begins at **9:00 a.m. (IST) on Monday, 31 August 2020** and ends at **5:00 p.m. (IST) on Wednesday, 2 September 2020**. During this period, Members of the Company, holding shares either in physical form, if any, or in dematerialised form, as on the cut-off date (record date) of 25 August 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The Members who have cast their vote by remote e-voting prior to the AGM may also participate in the AGM through VC/ OAVM Facility but shall not be entitled to cast their vote again.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.

- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form, if any, should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>For Shareholders holding shares in Demat Form and Physical Form, if any</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders, if any) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.

- (x) Shareholders holding shares in physical form, if any, will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, if any, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders - Please visit <http://mdpl.in/form/email-update> and follow the registration process as guided thereafter. Post successful registration of the email address, the Member would get soft copy of the Notice and the procedure for remote e-voting along with the User ID and the password to enable e-voting for this AGM. In case of any queries, the Member may write to Registrar and Share Transfer Agent of the Company at [mdpldc@yahoo.com](mailto:mdpldc@yahoo.com).
2. For Demat shareholders - Members shall register their email addresses, in respect of electronic holdings with their concerned Depository Participants by following due procedure as advised by them.

**INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM facility through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at investors@shilgroup.com by 24 August 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. The members are also requested to send their queries, if any, by 24 August 2020.
3. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
4. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
5. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM ARE AS UNDER:**

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
3. If any Votes are cast by the members through the e-voting available during the AGM and if the same Members have not participated in the meeting through VC/OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the meeting is available only to the Members attending the meeting.
4. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
6. Alternatively, Non Individual members are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutinizer and to the Company at the email address viz; investors@shilgroup.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited (CDSL), A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**(xx) Note for Non - Individual Members and Custodians**

1. Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
2. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
22. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting i.e. 3 September 2020.

## EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item Nos. 4 to 6

Subsequent upon effectiveness of the Composite Scheme of Arrangement between the Company, HSIL Limited, Brilloca Limited and their respective Shareholders and Creditors as approved by the Hon'ble National Company Law Tribunal, Kolkata Bench, the equity shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited. Pursuant to the provisions of the Companies Act, 2013 ("Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the existing Board of Directors of the Company was required to be re-constituted to comply with the provisions of the Act and Listing Regulations.

In view of the above, the Board of Directors appointed Mr. Nand Gopal Khaitan ("Mr. Khaitan"), Mr. Salil Kumar Bhandari ("Mr. Bhandari") and Mr. Ashok Jaipuria ("Mr. Jaipuria") as Additional Directors to hold offices of Independent Director with effect from 14 September 2019 pursuant to the provisions of Section 161 of the Act and Articles of Association of the Company, who shall hold office upto the date of this Annual General Meeting and are eligible to be appointed as Directors of the Company.

The Company has received declarations from Mr. Khaitan, Mr. Bhandari and Mr. Jaipuria confirming that they meet the criteria of independence under the Act and Listing Regulations. Further, the Company has also received their consent to act as Directors in terms of section 152 of the Act and declarations that they are not disqualified from being appointed as Directors in terms of Section 164 of the Act. The Company has also received notices in writing under the provisions of Section 160 of the Companies Act, 2013, from members proposing their candidature for the office of Directors of the Company.

In the opinion of the Board of Directors, Mr. Khaitan, Mr. Bhandari and Mr. Jaipuria fulfill the conditions specified in the Act and Listing Regulations for their appointment as Independent Directors of the Company and are independent of the Management.

Copies of the draft letters for the appointment of Mr. Khaitan, Mr. Bhandari and Mr. Jaipuria as Independent Directors setting out the terms and conditions are available for inspection on the website of the Company i.e. [www.shilgroup.com](http://www.shilgroup.com).

The Board upon receipt of recommendation from Nomination and Remuneration Committee considered that their association would be of immense benefit to the Company taking into account the external business environment, their business knowledge, core skills and experience and it is desirable to avail the services of Mr. Khaitan, Mr. Bhandari and Mr. Jaipuria as Independent Directors, not liable to retire by rotation. Therefore, the Board recommends the resolutions set forth under item nos. 4 to 6 of the accompanying Notice for approval of the members.

Except Mr. Khaitan, Mr. Bhandari and Mr. Jaipuria being the appointees, or their relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolutions set out under item nos. 4 to 6 of the accompanying Notice.

Brief Profiles of Mr. Khaitan, Mr. Bhandari and Mr. Jaipuria form part of this Notice. This Explanatory Statement may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

### Item No. 7

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors in its meeting held on 11 February 2020 approved the appointment of Ms. Anisha Motwani ("Ms. Motwani") as an Additional Director to hold office of Independent Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and Articles of Association of the Company, who shall hold office upto the date of this Annual General Meeting and is eligible to be appointed as Director of the Company.

The Company has received declaration from Ms. Motwani confirming that she meets the criteria of independence under the Act and Listing Regulations. Further, the Company has also received her consent to act as Director in terms of section 152 of the Act and declaration that she is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member proposing her candidature for the office of Director of the Company.

In the opinion of the Board of Directors, Ms. Motwani fulfills the conditions specified in the Act and Listing Regulations for her appointment as Independent Director of the Company and is independent of the Management.

Copy of the draft letter for the appointment of Ms. Motwani as Independent Director setting out the terms and conditions is available for inspection on the website of the Company i.e. [www.shilgroup.com](http://www.shilgroup.com).

The Board upon receipt of recommendation from Nomination and Remuneration Committee considered that her association would be of immense benefit to the Company taking into account the external business environment, her business knowledge, core skills and experience and it is desirable to avail the services of Ms. Motwani as Independent Director, not liable to retire by rotation. Therefore, the Board recommends the resolution set forth in item no. 7 of the accompanying Notice for approval of the members.

Except Ms. Motwani being the appointee, or her relatives, none of the Directors and Key Managerial Personnel of

the Company or their relatives is concerned or interested financially or otherwise, in the resolution set out under item no. 7 of the accompanying Notice.

Brief Profile of Ms. Motwani forms part of this Notice. This Explanatory Statement may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

#### Item Nos. 8 and 9

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors in its meeting held on 17 September 2019 approved the appointment of Mr. Rakesh Kaul ("Mr. Kaul") as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and Articles of Association of the Company, who shall hold office upto the date of this Annual General Meeting and is eligible to be appointed as Director of the Company. To comply with the provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and considering the rich and varied experience of Mr. Kaul, the Board of Directors, on recommendation of Nomination and Remuneration Committee, also proposed the appointment of Mr. Kaul as Whole-time Director and Chief Executive Officer of the Company for a period of 3 years w.e.f. 17 September 2019 and Key Managerial Personnel in accordance with the provisions of Section 203 of the Act, on such terms and conditions including remuneration as agreed between Mr. Kaul and the Company.

The Company has received from Mr. Kaul consent to act as a Director in terms of section 152 of the Act and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act. The Company has also received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member proposing the candidature of Mr. Kaul for the office of Director.

The Board upon receipt of recommendation from Nomination and Remuneration Committee at their meeting held on 17 September 2019, considered that his association would be of immense benefit to the Company and it is desirable to avail the services of Mr. Kaul as Whole-time Director and Chief Executive Officer, liable to retire by rotation. Therefore, the Board recommends the resolution set forth under item nos. 8 and 9 of the accompanying Notice for approval of the members.

Brief Profile of Mr. Kaul forms part of this Notice. This Explanatory Statement may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

The Abstract of Terms and Conditions of the appointment and remuneration payable to Mr. Kaul, as embodied in the draft Agreement to be entered into by Mr. Kaul with the Company for his appointment and remuneration payable to him, are as follows:-

#### 1. Period of Appointment

3 (Three) years commencing from 17 September 2019.

#### 2. Remuneration

a) SALARY: Gross monthly remuneration of ₹13,34,368/- with such annual increments as may be decided by the Board of Directors (which includes any committee thereof) from time to time whether paid as salary and/or allowance(s) or a combination thereof.

b) PERQUISITES: The aforesaid remuneration includes following perquisites and also other perquisites which shall be paid in accordance with the provisions of the Income Tax Act, 1961. However, the following perquisites shall not be included in computation of ceiling on remuneration in terms of Schedule V of the Companies Act, 2013:

- i) Contributions to Provident Fund and Superannuation/Annuity Fund as per rules of the Company.
- ii) Gratuity payable as per rules of the Company.
- iii) Encashment of Leave at the end of the tenure as per rules of the Company.
- iv) Any other perquisites as may be required under provisions of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force.

Provision of Company owned car as per the Company's car policy in addition to the aforesaid gross monthly remuneration.

#### c) PERFORMANCE LINKED INCENTIVE

The Performance Linked Incentive is not included in the aforesaid gross monthly remuneration and is payable annually as per the Company's policy.

#### Overall Remuneration

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to the Executive Directors as calculated in accordance with Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, as may be for the time being in force.

#### Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of office of Mr. Kaul, the Company shall pay him remuneration by way of consolidated salary and perquisites in accordance with the limits laid down

under Section II of Part II of the Schedule V to the Companies Act, 2013.

#### Sitting Fee

Mr. Kaul shall not, so long as he acts as the Whole-time Director, designated as the Chief Executive Officer of the Company, be paid any sitting fee for attending any meeting of the Board or any Committee thereof.

#### Other Terms

Mr. Kaul shall not, during the continuance of his employment hereunder or at any time thereafter, divulge or disclose to any person or make use whatever for his own or for any other purpose any confidential information or knowledge acquired by him during his employment under the Company as to the business or affairs of the Company or as to any trade secret or secrets, processes of the Company and shall, during the continuance of his employment hereunder, use his best endeavours to prevent any other person from doing so.

The Board of Directors may, in their discretion, revise or modify any of the terms of appointment and remuneration from time to time within the limits laid down in Schedule V to the Companies Act, 2013.

#### Termination

Notwithstanding anything contained in this Agreement, either party shall be entitled to determine this Agreement by giving 2 (two) months' notice in writing in that behalf to the other party and on the expiry of the period of such notice, this Agreement shall stand terminated. The Company shall also be entitled without assigning any reason whatsoever, to terminate the Agreement on giving to Mr. Kaul 2 (two) months' salary as specified in Clause 2 (a) in lieu of two months' notice required to be given under this Clause.

#### Service of Notice

Any notice to be given hereunder shall be sufficiently given or served in case of Mr. Kaul by being delivered either personally to him or left for him at his address last known to the Company or sent by registered post addressed to him at such address and in the case of the Company by being delivered at or sent by registered post addressed to its registered office, any such notice if so posted shall be deemed served on the day following that on which it was posted.

### In pursuance of Section II of Part II of Schedule V of the Act, following further information is given:

#### 1. General Information

Nature of industry	Consumer Products and Retail business										
Date or expected date of commencement of commercial production	There is no commercial production in the Company being in trading and retail business.										
In case of new Company, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable										
Financial performance based on given indicators	Financial year 2019-20 Revenue from Operations: ₹ 45,143.92 lakh Profit after Tax: ₹ 878.27 lakh Rate of Dividend: 7.50 % i.e. ₹ 0.15 on equity shares of ₹ 2/- each Earnings per Share: ₹ 1.21 per share										
Export performance and net foreign exchange earnings	The Company had not exported any products during the financial year 2019-20. Foreign Exchange earned and used during financial year 2018-19 and 2019-20: <table border="1" style="width: 100%; margin-top: 5px;"> <thead> <tr> <th></th> <th style="text-align: right;">2019-20</th> <th style="text-align: right;">2018-19</th> </tr> </thead> <tbody> <tr> <td>Foreign exchange earned:</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Foreign exchange used:</td> <td style="text-align: right;">9,194.99</td> <td style="text-align: right;">11,073.66</td> </tr> </tbody> </table>			2019-20	2018-19	Foreign exchange earned:	-	-	Foreign exchange used:	9,194.99	11,073.66
	2019-20	2018-19									
Foreign exchange earned:	-	-									
Foreign exchange used:	9,194.99	11,073.66									
Foreign investments or collaborations, if any.	Investment in Foreign Companies as on 31 March 2020:  No investment is made by Somany Home Innovation Limited in any foreign subsidiaries.  However, Brilloca Ltd. (Wholly owned Subsidiary of the Company) has investments of ₹ 75.22 lakh in Halis International Limited, Mauritius and ₹ 0.12 lakh in Alchemy International Cooperatief U.A., Netherlands.  The Company has foreign collaborations with Groupe Atlantic France for water heaters and FGV Italy for kitchen and furniture fittings business.										

## 2. Information about the appointee

Background Details	<p>Mr. Rakesh Kaul has 25 years of extensive work experience.</p> <p>Mr. Rakesh Kaul was the President of Consumer Business and Chief Executive Officer of the Retail business at HSIL Limited. Mr. Kaul's tenacious outlook has helped the Consumer Business grow at a CAGR of over 70% in last 4 years and is one of the fastest growing consumer appliances business in the country. His business acumen and strategic vision have collectively expanded the company's growth while empowering the HSIL Consumer business to germinate and sustain new ventures in this highly competitive market. Within a span of just 4 years Consumer business saw the launch of six categories with state of the art products developed indigenously with home grown R&amp;D facilities.</p> <p>Prior to joining HSIL Limited, Mr. Kaul spent almost five years with Karbonn Mobiles as the Executive Director of the Mobility Business. Under his leadership, the brand grew by about 30 times in a span of over 4 years and the company's physical reach expanded, with an increase in distribution points from 112 in 2010 to 1400+, covering more than 1,00,000 retailers and with significant presence in Large format retail and E-commerce. He was instrumental in driving brand Karbonn to be amongst the top 2 brands in feature phones and amongst the top three brands in the smartphone category during this period.</p> <p>In a career that spans over 25 years now, Mr. Kaul has worked with leading companies such as Reliance Retail, The Times Group, Onida and Whirlpool spanning across diverse sectors and industries that includes Consumer Durables, E-commerce, Retail, Mobility Business. He was part of the leadership team that was driving the incredible retail expansion at Reliance Retail for formats like Hypermarkets and Reliance Fresh across the country. He was instrumental in driving E-commerce business in India for Times Internet Ltd. way back in 2006 when the E-commerce was barely making its presence felt in the country. Onida became a significant player in Indian washing machine market when he was at the helm of this category in around 2004-05.</p> <p>He is a member of Stakeholders' Relationship (Shareholders/Investors Grievance) Committee and Corporate Affairs Committee of the Company.</p>
Past Remuneration	The remuneration drawn by Mr. Kaul during the previous financial year ended 2019-20 is ₹ 83.72 lakh.
Recognition or Awards	<p>Under Mr. Kaul's leadership and guidance, the Consumer Products Division of Hindware won the following awards as mentioned-</p> <p>In year 2018-The Extraordinaire Brand 'Moonbow by Hindware'</p> <p>The Best Lifestyle Brand 2018 'Moonbow by Hindware'</p> <p>In year 2019-Fastest Growing Consumer Appliances Brand 'Hindware Appliances' Product of the Year 'Achelous Premium Water Purifier &amp; Adonia Hob' The Extraordinary Brand 'Hindware Appliances'.</p>
Job Profile and his suitability	He devotes whole time attention to the management of the affairs of the Company and exercises powers under the supervision and superintendence of the Board of the Company.
Remuneration Proposed	As mentioned above
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Considering the responsibility shouldered by him of the enhanced business activities of the Company and also considering the levels of remuneration in India and worldwide, the remuneration proposed is considered reasonable. Nomination and Remuneration Committee consisting of two Independent Directors, after elaborate discussion, have proposed the aforesaid remuneration.
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Does not have any pecuniary relationship with the Company except remuneration drawn.

## 3. Other Information

Reasons of loss or inadequate profits	The inadequate profits in the Company during FY 2019-20 are on account of higher operating costs relating to the Retail Business.
Steps taken or proposed to be taken for improvement	The Company is currently under process of closing 8 out of its 10 retail furniture stores being part of retail business, which will reduce store rentals costs, other associated costs and is expected to improve profitability going forward.
Expected increase in productivity and profits in measurable terms	

### General Information

The Board of Directors are of the view that it is in the interest of the Company to continue to avail the services of Mr. Kaul as Whole-time Director and Chief Executive Officer of the Company.

Approval of members is sought for appointment of Mr. Kaul as Whole-time Director and Chief Executive Officer and for payment of remuneration including minimum remuneration.

### Memorandum of Interest

Except Mr. Kaul being the appointee, or his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out under item nos. 8 and 9 of the accompanying Notice.

The Board recommends the Resolutions under item nos. 8 and 9 of the accompanying Notice for approval of the Shareholders of the Company.

### Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 of ICSI regarding Directors seeking appointment:

#### Mr. Sandip Somany

Age	56 years
No. of shares held	Mr. Sandip Somany - 23,94,731 Sandip Somany HUF - 95,832
Qualification	Commerce graduate and a diploma holder in Ceramic Manufacturing Technology from the US
Brief Resume and Nature of his Expertise in specific functional areas	Mr. Sandip Somany possesses 35 years work experience in the ceramics and glass industry. He is a former President of PHD Chamber of Commerce and Industry (PHDCCI), Past-President of International Chamber of Commerce – (head quarter in Paris) India Chapter, currently on the Board and the immediate Past-President of Federation of Indian Chambers of Commerce and Industry (FICCI).  He is the Governing Council of All India Glass Manufacturer's Association and Chairman of the Indian Council of Sanitaryware Manufactures (INCOSAMA).  He is the member of Audit Committee of the Company.
Name of listed entities in which the Directorship is held	1. HSIL Limited 2. JK Paper Limited
Chairman/Member of the Committees of Board of other listed companies	<b>Member CSR Committee</b> 1. HSIL Limited  <b>Corporate Affairs Committee</b> 1. HSIL Limited
Relationships between Directors inter-se	Nil

#### Mr. Nand Gopal Khaitan

Age	69 years
No. of shares held	132
Qualification	B.Com., LL.B.
Brief Resume and Nature of his Expertise in specific functional areas	Mr. Nand Gopal Khaitan is an Attorney-At-Law, Advocate and Notary, practicing in the Hon'ble High Court Calcutta and the Hon'ble Supreme Court of India. He is a Senior Partner of Khaitan & Co., one of the leading firms in India having experience in legal profession. He holds the reputation of being a committee member of the Federation of Indian Chambers of Commerce and Industry (FICCI), President of Indian Council of Arbitration, New Delhi and Vice President of the Bharat Chamber of Commerce, Calcutta and executive committee member of two leading schools in Kolkata. He was awarded Bell Chamber's Gold Medal by the Incorporated Law Society, Calcutta High Court, for standing first in all the Law examinations. He is the member of Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship (Shareholders/ Investors' Grievance) Committee of the Company.

Name of listed entities in which the Directorship is held	<ol style="list-style-type: none"> <li>1. HSIL Limited</li> <li>2. Chase Bright Steel Limited</li> <li>3. JK Lakshmi Cement Limited</li> <li>4. Mangalam Cement Limited</li> <li>5. Reliance Chemotex Industries Limited</li> <li>6. India Power Corporation Limited (formerly DPSC Limited)</li> </ol>
Chairman/Member of the Committees of Board of other listed companies	<p><b>Chairman</b></p> <p><b>Audit Committee</b></p> <ol style="list-style-type: none"> <li>1. Mangalam Cement Limited</li> <li>2. JK Lakshmi Cement Limited</li> </ol> <p><b>Investment Committee</b></p> <ol style="list-style-type: none"> <li>1. Mangalam Cement Limited</li> </ol> <p><b>Nomination and Remuneration Committee</b></p> <ol style="list-style-type: none"> <li>1. HSIL Limited</li> <li>2. India Power Corporation Limited (formerly DPSC Limited)</li> <li>3. JK Lakshmi Cement Limited</li> <li>4. Mangalam Cement Limited</li> </ol> <p><b>Stakeholder Relationship (Shareholders/Investors Grievance) Committee</b></p> <ol style="list-style-type: none"> <li>1. HSIL Limited</li> </ol> <p><b>Member</b></p> <p><b>Audit Committee</b></p> <ol style="list-style-type: none"> <li>1. HSIL Limited</li> <li>2. Reliance Chemotex Industries Limited</li> <li>3. India Power Corporation Limited (formerly DPSC Limited)</li> </ol> <p><b>Shareholders'/Investor' Grievance Committee</b></p> <ol style="list-style-type: none"> <li>1. JK Lakshmi Cement Limited</li> </ol> <p><b>Committee of Directors</b></p> <ol style="list-style-type: none"> <li>1. JK Lakshmi Cement limited</li> </ol> <p><b>Internal Complaint Committee</b></p> <ol style="list-style-type: none"> <li>1. Mangalam Cement Limited</li> </ol>
Relationships between Directors inter-se	Nil
<b>Mr. Salil Kumar Bhandari</b>	
Age	62 years
No. of shares held	Nil
Qualification	Fellow member of Institute of Chartered Accountants of India, B. Com. (Hons.), and Diploma in Business Administration
Brief Resume and Nature of his Expertise in specific functional areas	<p>Mr. Salil Kumar Bhandari is the founder and former Managing Partner of BGJC &amp; Associates LLP, which is a well- audit and management consulting firm based in New Delhi. He has been counselling top management in several areas of strategy implementation, scaling up of business, organisational development and management &amp; family structures. He brings with him valuable experience and tactical know-how in the areas of devising acquisition strategies, international alliances, JVs and organisational restructuring.</p> <p>He has been associated with several associations prior to this position. He has been the President of PHD Chamber of Commerce and industry, served as the head for Society for Integrated Development of Himalayas (SIDH), member of Task Force - Commission on Centre State Relations, Govt. of India, Managing Committee member at ASSOCHAM, Former Member - Advisory Committee, Dept. of Company Affairs, Govt. of India.</p> <p>He is currently on the Board of the Indian Institute of Management (IIM), Indore. He is a member of the National Executive Committee of the Federation of Indian Chamber of Commerce and Industry (FICCI).</p> <p>He is the Chairman of Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship (Shareholders/Investors' Grievance) Committee of the Company and member of Corporate Affairs Committee of the Company.</p>
Name of listed entities in which the Directorship is held	Greenpanel Industries Limited

Chairman/Member of the Committees of Board of other listed companies	<b>Chairman Audit Committee</b> Greenpanel Industries Limited
	<b>Nomination &amp; Remuneration Committee</b> Greenpanel Industries Limited
Relationships between Directors inter-se	Nil
<b>Mr. Ashok Jaipuria</b>	
Age	66 Years
No. of shares held	25,000
Qualification	Degree in Associate of Arts in Business Administration and Diploma in Marketing Science
Brief Resume and Nature of his Expertise in specific functional areas	Mr. Ashok Jaipuria is Chairman and Managing Director of Cosmo Films Ltd., a businessman with strong vision who made Cosmo Films Ltd., the largest Biaxially Oriented Polypropylene (BOPP) film manufacturer and exporter. He is a Member of the Board of Governors of Public Health Foundation of India (PHFI), Gurugram. He was a member of the Board of Governors of the Indian Institute of Technology, Indore & Patna. He was a member of the Executive Committee of the Federation of Indian Chamber of Commerce and Industry (FICCI) as well as Institute of Liver & Biliary Sciences and The Golf Foundation, a charitable society formed with an objective of helping the under privileged potential golfers in India. He is a founder trustee of Cosmo Foundation, an Organisation to impart education to the underprivileged. He is member of Audit Committee of the Company.
Name of listed entities in which the Directorship is held	Cosmo Films Limited
Chairman/Member of the Committees of Board of other listed companies	<b>Member Corporate Social Responsibility (CSR) Committee</b> Cosmo Films Limited
	<b>HR, Nomination &amp; Remuneration Committee</b> Cosmo Films Limited
Relationships between Directors inter-se	Nil
<b>Ms. Anisha Motwani</b>	
Age	57 years
No. of shares held	Nil
Qualification	A Science Graduate from Sophia College and holds Degree in Masters of Business Administration.
Brief Resume and Nature of her Expertise in specific functional areas	Ms. Anisha Motwani is a Brand, Digital and Innovation Expert and a Multi-faceted Business Leader with over 28 years of experience in diverse industries - Advertising, Auto Manufacturing, Financial and Health Services. She is the Founder & Managing Partner of 'Storm the Norm', an innovation company. She was voted as one of the 50 Most Powerful Women in Indian Business by Business Today for three consecutive years since 2009. She is a Member of Audit Committee of the Company.
Name of listed entities in which the Directorship is held	1. Prataap Snacks Limited 2. Welspun India Limited 3. Abbott India Limited
Chairman/Member of the Committees of Board of other listed companies	<b>Chairman Corporate Social Responsibility (CSR) Committee</b> 1. Prataap Snacks Limited
	<b>Member Audit Committee</b> 1. Prataap Snacks Limited 2. Abbott India Limited
	<b>Stakeholder Relationship Committee</b> 1. Prataap Snacks Limited
	<b>Corporate Social Responsibility (CSR) Committee</b> 1. Abbott India Limited
	<b>Nomination &amp; Remuneration Committee</b> 1. Abbott India Limited
Relationships between Directors inter-se	Nil

**Mr. Rakesh Kaul**

Age	50 years
No. of shares held	Nil
Qualification	<p>Master's degree in Foreign Trade from the Symbiosis Institute of Management Studies.</p> <p>Master's degree in Business Administration from The Institute of Management Studies, Kurukshetra, and a Bachelor's in Science degree from the Delhi University.</p>
Brief Resume and Nature of his Expertise in specific functional areas	<p>Mr. Rakesh Kaul was the President of Consumer Business and Chief Executive Officer of the Retail business at HSIL Limited. Mr. Kaul's tenacious outlook has helped the Consumer Business grow at a CAGR of over 70% in last 4 years and is one of the fastest growing consumer appliances business in the country. His business acumen and strategic vision have collectively expanded the Company's growth while empowering the HSIL Consumer business to germinate and sustain new ventures in this highly competitive market. Within a span of just 4 years Consumer business saw the launch of six categories with state of the art products developed indigenously with home grown R&amp;D facilities.</p> <p>Prior to joining HSIL Limited, Mr. Kaul spent almost five years with Karbonn Mobiles as the Executive Director of the Mobility Business. Under his leadership, the brand grew by about 30 times in a span of over 4 years and the Company's physical reach expanded, with an increase in distribution points from 112 in 2010 to 1400+, covering more than 1,00,000 retailers and with significant presence in Large format retail and E-commerce. He was instrumental in driving brand Karbonn to be amongst the top 2 brands in feature phones and amongst the top three brands in the smartphone category during this period.</p> <p>In a career that spans over 25 years now, Mr. Kaul has worked with leading companies such as Reliance Retail, The Times Group, Onida and Whirlpool spanning across diverse sectors and industries that includes Consumer Durables, E-commerce, Retail, Mobility Business. He was part of the leadership team that was driving the incredible retail expansion at Reliance Retail for formats like Hypermarkets and Reliance Fresh across the country. He was instrumental in driving E-commerce business in India for Times Internet Ltd. way back in 2006 when the E-commerce was barely making its presence felt in the country. Onida became a significant player in Indian washing machine market when he was at the helm of this category in around 2004-05.</p> <p>He is a member of Stakeholders' Relationship (Shareholders/Investors Grievance) Committee and Corporate Affairs Committee of the Company.</p>
Name of listed entities in which the Directorship is held	Nil
Chairman/Member of the Committees of Board of other listed companies	Nil
Relationships between Directors inter-se	Nil



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Mr. Sandip Somany

Chairman and Non-Executive Director

### Mr. Rakesh Kaul

CEO & Whole Time Director

### Mr. Ashok Jaipuria

Independent Director

### Mr. Nand Gopal Khaitan

Independent Director

### Mr. Salil Kumar Bhandari

Independent Director

### Ms. Anisha Motwani

Independent Director

## COMPANY SECRETARY

Ms. Payal M. Puri

## STATUTORY AUDITORS

M/s Lodha & Co., Chartered Accountants

## INTERNAL AUDITORS

M/s D H Consultants Private Limited

## REGISTERED OFFICE

2, Red Cross Place,

Kolkata-700001

T: +91 33 22487407/5668

E: investors@shilgroup.com

## BANKERS

Axis Bank Limited

Citibank N.A.

Federal Bank Limited

HDFC Bank Limited

Standard Chartered Bank

The Hongkong and Shanghai Banking

Corporation Limited

## CORPORATE OFFICE

Plot No. 68, Echelon Institutional area,

Sector -32, Gurugram,

Haryana-122001

## EVOK STORES

### Delhi

Kirtinagar

### Gujarat

S.G. Highway, Ahmedabad;

Vikram Sarabhai Marg, Vadodara

### Haryana

Crown Interioz Mall, Faridabad;

JMD Mall, Gurugram

### Madhya Pradesh

Malhar Mega Mall, Indore

### Punjab

Ferozpur Road, Ludhiana

### Rajasthan

Tonk Road, Jaipur

### Uttar Pradesh

Shipra Mall, Ghaziabad;

Shalimar Building Hazratganj, Lucknow



**REGISTERED OFFICE**

2, Red Cross Place,  
Kolkata - 700 001.  
T: +91 33 2248 7407/5668  
E: investors@shilgroup.com

**CORPORATE OFFICE**

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Sector - 32, Gurugram,  
Haryana - 122 001.  
T: +91 0124 2889300