

**LODHA
& CO**

Chartered Accountants

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

We, the statutory auditors of HSIL Limited, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in Part D Clause 10.1 of the Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Somany Home Innovation Limited ("Resulting Company 1") and Brilloca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Accounting Treatment as contained in the Draft Scheme complies with the applicable Indian Accounting Standards and The Generally Accepted Accounting Principles in India. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised), issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in Part D Clause 10.1 of the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), the Generally Accepted Accounting Principles in India.

(Relevant pages of the Draft Scheme is enclosed duly initialed).

This Certificate is issued at the request of the Company pursuant to the requirements of provisions of section 230 of The Companies Act 2013 for onward submission to the Stock Exchange, National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of

CERTIFIED TRUE COPY

For HSIL LIMITED

[Signature]
Company Secretary



Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur

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

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

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



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



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

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

1. This annexure is issued in accordance with the terms of our engagement dated 10th November, 2017 and is forming an integral part of the Auditors' Certificate dated 10th November, 2017.
2. The Draft Composite Scheme of Arrangement amongst HSIL Limited ("the Demerged Company") and Somany Home Innovation Limited. ("Resulting Company 1") and Brilloca Limited ("Resulting Company 2") and their respective Shareholders and Creditors ("the Draft Scheme") in terms of the provisions of section 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS), and the Generally Accepted Accounting Principles in India.

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS) and the Generally Accepted Accounting Principles in India, is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Pursuant to the requirements of provisions of section 230 of The Companies Act 2013, our responsibility is to express reasonable assurance to the reporting criteria:
 - a. whether the accounting treatment contained in the Draft Scheme complies with the applicable IND AS and the Generally Accepted Accounting Principles in India.
5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.



6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. Our examination did not extend to any aspects of a legal or propriety nature covered in the Draft Scheme.
8. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:
 - (i) Read the Draft Scheme and the proposed accounting treatment specified therein.
 - (ii) Noted that the accounting treatment contained in the aforesaid Draft Scheme is in compliance with all the applicable Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (IND AS).

Restriction on Use

The Certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of Companies Act, 2013 for onward submission to the Stock Exchange National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), or any other regulatory authorities in relation to this Draft Scheme. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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



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



reduction under the provisions of Section 66 of the Companies Act, 2013 as well and no further compliances would be separately required.

- 9.3.3 Resulting Company 1 shall not be required to add the words "and reduced" as suffix to its name consequent upon the reduction of capital under Paragraph 9.3.2 above.
- 9.3.4 The reduction of capital of Resulting Company 1, as above, does not involve any diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.
- 9.4 The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new shareholders in Resulting Company 1, on account of the difficulties, if any, in the transition period.
- 9.5 Further, approval of this Scheme by the shareholders of Resulting Company 1 shall also be deemed to be the approval by the shareholders for enabling investment by foreign institutional investors / registered foreign portfolio investors, under the Portfolio Investment Scheme up to 40% of the paid up share capital of Resulting Company 1. Resulting Company 1 shall, upon the coming into effect of the Scheme, intimate the RBI and comply with such other requirements as mandated by the extant foreign exchange regulations relating thereto.

9.6 Listing of New Equity Shares

- 9.6.1 Post effectiveness of this Scheme, the share capital of Resulting Company 1, including the New Equity Shares to be issued and allotted by Resulting Company 1 in terms of Paragraph 9.2 above shall be listed and shall be admitted for trading on the Stock Exchanges by virtue of this Scheme and in accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017. Resulting Company 1 shall make all requisite applications and shall otherwise comply with the provisions of the aforesaid circulars and Applicable Laws and take all steps to get its share capital including the New Equity Shares issued by it in pursuance to this Scheme listed on the Stock Exchanges.
- 9.6.2 The New Equity Shares issued and allotted pursuant to this Scheme shall remain frozen in the depositories system until listing and trading permission is granted by the relevant designated Stock Exchange for their listing and trading. Post the issuance of the New Equity Shares by Resulting Company 1 in terms of Paragraph 9.2 of this Scheme, there shall be no change in the share capital of Resulting Company 1, including the New Equity Shares, or 'Control' in Resulting Company 1 between Record Date and the date of listing of the equity shares of Resulting Company 1, which may affect the status of the approval granted by the Stock Exchanges, and any other governmental authority in this regard.

10. ACCOUNTING TREATMENT

10.1 Accounting treatment in the books of account of the Demerged Company

- 10.1.1 The Board of Directors of the Demerged Company shall give effect to the Scheme in the books of account of the Demerged Company, as they deem fit, in accordance with the applicable Indian Accounting Standards and Generally Acceptable Accounting Principles.



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10.1.2 The Demerged Company shall, in its books of account, upon the Scheme becoming effective and with effect from the Appointed Date, account for the demerger of, (a) the CPDM Undertaking and the Retail Undertaking into Resulting Company 1, and (b) the BPDM Undertaking into Resulting Company 2, pursuant to this Scheme, as follows:

- (a) The respective carrying values, as on the Appointed Date, of the Assets and Liabilities of the CPDM Undertaking, Retail Undertaking and BPDM Undertaking, shall be reduced in the books of account of the Demerged Company.
- (b) Reserves of the CPDM Undertaking and Retail Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 1, shall accordingly be reduced in the books of account of the Demerged Company.
- (c) Reserves of the BPDM Undertaking, as determined by the Board of Directors of the Demerged Company to be transferred to Resulting Company 2, shall accordingly be reduced in the books of account of the Demerged Company.
- (d) The investments held by the Demerged Company, in the equity share capital of Resulting Company 1, shall stand cancelled in accordance with Paragraph 9.3 of this Scheme.
- (e) The excess, if any, of Paragraphs 10.1.2(b) and 10.1.2(c) above, over Paragraphs 10.1.2(a) and 10.1.2(d) above, shall be recorded as a 'Reserve' and the aforesaid Reserve shall be considered as Net-worth, for regulatory purposes.
- (f) The excess, if any, of Paragraphs 10.1.2(a) and 10.1.2(d) above, over Paragraphs 10.1.2(b) and 10.1.2(c) above, shall be adjusted against the following reserves of the Demerged Company, in the order specified:
 - (i) Capital Reserve Account;
 - (ii) Securities Premium Account; and
 - (iii) General Reserve.

10.1.3 The reduction, if any under Paragraph 10.1.2(f) above, of the securities premium account, shall be in accordance with provisions of Section 66 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 and the order of the Hon'ble Tribunal sanctioning this Scheme shall be deemed to be also the order under the aforesaid applicable provisions of the Act for the purpose of confirming adjustment to the securities premium account, as may be applicable.

10.2 Accounting treatment in the books of Resulting Company 1

10.2.1 Upon the Scheme becoming effective and with effect from the Appointed Date, Resulting Company 1 shall account for the demerger of the CPDM Undertaking and Retail Undertaking pursuant to the Scheme, using the pooling of interest method in accordance with Appendix C 'Business Combinations of entities under common control' of Indian Accounting Standard (IND AS) 103 - 'Business Combinations'. On the Scheme becoming effective and with effect from the Appointed Date, in the books of Resulting Company 1:

- (a) The assets and liabilities of the CPDM Undertaking and Retail Undertaking shall be



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