

HINDWARE HOME RETAIL PRIVATE LIMITED
 Regd. Office: 2, Red Cross Place, Kolkata-700 001
 CIN: U51109WB2005PTC106307
 Phone: 033-22487406/07, Fax: 033-22487045
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DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Eleventh Annual Report together with the audited Financial Statements of the Company for the financial year ended 31 March, 2016.

Financial Results

Particulars	Amount in Lacs	
	Year ended 31.03.2016	Year ended 31.03.2015
Total Revenue	9,772	10,387
Profit/(Loss) before Interest & Depreciation	(1,151)	(777)
Interest	373	398
Profit/(Loss) before Depreciation	(1,523)	(1,175)
Depreciation	524	569
Profit/(Loss) before tax	(2,048)	(1,743)
Provision for tax	-	-
Profit/(loss) carried forward to balance sheet	(2,048)	(1,743)

Operations/ State of Company Affairs

The company is a wholly owned subsidiary of HSIL Limited and was established to diversify its business in retailing of Furniture, Furnishing and Home Improvement Products. The company operates under the brand name "EVOK" which over the years has established itself as a well-established brand in the Home retail segment.

The company is progressing well to achieve its vision to be first partner of choice for the customers who look value for money along with style. Along with retail the brand is also operational in E-commerce and Franchisee module of business. The company also laid its road map to venture into B2B/ Corporate sales through new range of product offerings.

During the year 2015-16, the company redefined its merchandising and marketing strategy in line with changing consumer preferences. Evok has uniquely positioned itself to offer largest range of solid wood furniture at national level which is acceptable across customers segments for its blend of strength and durability of solid wood with trendy and contemporary/ modern designs. During the same period the brand has also enriched its assortment in Non-Solid wood domain.

The company is completely focused on significant revenue escalation through its current year's strategy modulation to work out a most scientific range planning for price-product gap optimization to widen its customer base. Added to these major strategic moves are on process for enhancing the shoppers experience through store lay out revamping, enhancing the brand awareness through intensive and all around marketing initiatives through optimal mix of ATL,BTL,OOH,CRM and Digital medium. All initiatives are driven to deliver significant long term value to the group operations. The company also intends to further expand its retail network through Franchisee and Dealer Network in tier 2 locations to further strengthen its revenue generation. Company is also taking robust sets for optimization of operational cost.

The company is carrying out an comprehensive research for in-depth consumer analysis for understanding the customer perception/ preferences thereby to utilize the inputs for optimization of communication and other offerings.

E-commerce and Kitchen are two areas of major focus for the Company in the current financial year. Brand is revamping its website for enhancing customer experience. Also major initiatives are on for optimization of market place business /visibility. In kitchen business strategic road map been worked out for best sourcing, offer planning to translate the same into both top line and bottom line growth of the business

During the year there will be no change in the nature of business of the company.

Dividend

In view of losses, your Directors do not recommend any dividend for the year under review.

Share Capital

During the year under review, the Company has increased its Authorized Share Capital from Rs. 125,00,00,000/- (Rupees One Hundred Twenty- Five Crore Only) divided into 5,00,00,000 Equity Shares of Rs. 10/- each and 75,00,000 Non-Cumulative Redeemable Preference Shares of Rs. 100/- each to Rs. 140,00,00,000/- (Rupees One Hundred Forty Crore Only) divided into 5,00,00,000 Equity Shares of Rs. 10/- each and 90,00,000 Non-Cumulative Redeemable Preference Shares of Rs. 100/- each on 22 September, 2015.

During the year under review the Company has issued and allotted Non-Cumulative Redeemable Preference Shares to HSIL Limited, the holding Company of the Company as follows:-

Sr.No.	Date of Allotment	No. of Pref. Shares	Face Value (Rs.)	Total Value Rs. (In Lacs)
1.	30th June, 2015	8,00,000	100	800
2.	17th December, 2015	12,00,000	100	1200
3.	23rd March, 2016	7,00,000	100	700
Total		27,00,000		2700

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 A** to this Report.

Meetings

a. Number of Board Meetings

Ten Board meetings were held during the financial year 2015-16 and the gap between two meetings did not exceed 120 days. The dates on which the Board meetings were held, are as follows:

15 May, 2015, 1 June, 2015, 30 June, 2015, 25 July, 2015, 2 November, 2015, 18 November, 2015, 17 December, 2015, 1 February, 2016, 24 February, 2016 and 23 March, 2016.

b. Audit Committee

In compliance with the requirements of Section 177(8) of the Companies Act, 2013, the Audit Committee comprises of three Non-Executive Directors as members of the said Committee.

Mr. N. Goenka, Non-Executive Non-Independent Director, is the Chairman of the Committee. Mr. Sandeep Parwal and Mr. Anshuman Mishra, Non-Executive Independent Directors are

other members of the Committee. The Company Secretary acts as the Secretary to the Committee.

Particulars of Holding, Subsidiary and Associate Company

Your Company does not have any subsidiary or Associate Company. However, 100% shares of the Company are held by HSIL Limited and its Nominees.

Remuneration Policy

In terms of Section 178(3) of the Companies Act, 2013 and up on the recommendations made by the Nomination and Remuneration Committee of the Company, your Company has in place a Remuneration Policy for Directors, Senior Management and Key Managerial Personnel of the Company.

The Remuneration Policy of the Company is enclosed as **Annexure B** to this Report.

Auditors and Auditors' Report

Statutory Auditors

M/s. N. C. Aggarwal & Company, Chartered Accountants, New Delhi (Firm Registration No. 003273N) were appointed as Statutory Auditors of the Company for conducting audit for the financial year ended 31st March, 2016 by the Shareholders of the Company in the 9th Extra Ordinary General Meeting (EGM) of the Company held on 7th April, 2016 to hold office until the conclusion of the forthcoming Annual General Meeting (AGM) of the Company owing to the casual vacancy caused by resignation of M/s Walker Chandiok & Co. LLP.

Based on the recommendations by the Audit Committee, the Board of Directors of your Company, recommends the re-appointment of M/s. N. C. Aggarwal & Company, Chartered Accountants, New Delhi, (Firm Registration No. 003273N) as statutory auditors of the Company at the ensuing AGM of the Company.

In this regard the Company has received a letter from the Auditors conforming that they are eligible for re-appointment as Statutory Auditors of the Company under Section 139 of the Companies Act, 2013 and meet the criteria for such appointment as specified under Section 141 of the said Act.

Auditors Report

All the items on which, comments have been made by the Auditors in their report to the Members are self-explanatory, as explained by way of notes to the Financial Statement and does not contain any qualification, reservation or adverse remark, therefore needs no further explanation by the Board in terms of Section 134(3)(f)(i) of the Companies Act, 2013.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board appointed M/s. Drolia & Company, Practicing Company Secretaries, Kolkata, having Certificate of Practice No. 1362 as Secretarial Auditors to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report in Form MR - 3 for the financial year 2015-16, in terms of Section 204(1) of the Companies Act, 2013, submitted by the said Auditors is enclosed herewith as **Annexure C** to this Report. The said Report does not contain any qualification, reservation or adverse remark, therefore no need for any explanations by the Board in terms of Section 134(3)(f)(ii) of the Companies Act, 2013 .

Directors and Key Managerial Personnel

Mr. Niranjana Kumar Goenka, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment

Ms. Heena Garg, Company Secretary and Key Managerial Personnel of Company resigned w.e.f. 18 November, 2015 in terms of the provisions of Section 203 of the Companies Act, 2013, Ms. Komal Sinha, an Associate Member of the Institute of Company Secretaries of India, having ACS No. 40103, has been appointed as the Company Secretary and designated as Key Managerial Personnel of Company w.e.f 14 March, 2015.

Declaration by Independent Director

The Company has received necessary declaration from all the Independent Directors under Section 149(7) of the Companies Act, 2013, confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

Board Evaluation

In accordance with the provisions of the Section 134(3)(p) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Board and the Nomination and Remuneration Committee of the Company 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's governing its performance. In a separate meeting of Independent Directors, performance of Non- Independent Directors, performance of Board as a whole and performance of the Chairman were also evaluated.

Receipt of any commission by MD / WTD from a Company or for receipt of commission / remuneration from it Holding or subsidiary

Ms. Sumita Somany, Executive Director of the Company is receiving Directors Commission from M/s HSIL Limited, the Holding Company.

Contracts and Arrangements with related parties

Pursuant to the provisions of Section 188 of the Companies Act, 2013, all contracts / arrangements / transactions entered by the Company during the financial year 2015-16 with related parties were in the ordinary course of business and on an arm's length basis. Disclosure in form AOC-2 is enclosed as **Annexure-D**.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

In view of the nature of activities which are being carried on by the Company, the particulars prescribed under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 regarding Conservation of Energy & Technology Absorption are not applicable to the Company.

However, the details of foreign exchange earnings and outgo during the year under review, as required under the aforesaid Section and Rules are as follows:

S. No.	Particulars	Amount in Lacs
A.	Foreign Exchange Outgo	1357.12
B.	Foreign Currency Earned	Nil

Particulars of Employees

There was no employee in receipt of remuneration of not less than Rs. 60 Lakhs p.a. employed throughout the financial year under the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. however, Mr. Thomas Johan, who joined as Chief Operating Officer on 17 November, 2015 was in receipt of remuneration of more than Rs. 5,00,000/- per month, the details of which are as under:

Name of the Employees	Designation and nature of employment	Qualification	Experience (Years)	Date of Employment	Age (years)	Remuneration received	% of Equity shares held by them (not less than 2% of the equity shares of the Company)	Last Employment and Designation
Mr. Thomas Johan	Chief Operating Officer	M.B.A	22yrs	17.11.2015	44yrs	Rs. 26,60,430	-----	@Home (Neelkamal Group) as Associate Vice President.

Internal Financial Control

The Company has in place adequate internal control systems which commensurate with its size and nature of business and complexity of its operations and are designed to provide a reasonable degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguard for assets, internal control over financial reporting, and compliance with applicable laws and regulations.

Internal audit function evaluates the adequacy of, and compliance with policies, plans, regulatory and statutory requirements. The Internal Auditors directly report to the Board's Audit Committee, thus ensuring the independence of the process. It also evaluates and suggests improvement in effectiveness of risk management, controls and governance process. The Audit committee and Board provides necessary oversight and directions to the Internal audit function and periodically reviews the findings and ensures corrective measures are taken.

Risk Management

The Company has adopted the measures concerning the development and implementation of a Risk Management Policy in terms of Section 134(3)(n) of the Companies Act, 2013, after identifying the elements of risks which in the opinion of the Board may threaten the very existence of the Company itself. There exists a group policy for Risk Management which applies on the HSIL (Holding Company) and its all group entities. There is a Risk Management Committee, which reviews periodically the risk for the HSIL Group as a whole and all critical risk are being analyzed and suitable actions to mitigate the risk are taken.

The Company has an elaborate Risk Management process of identification, assessment and prioritization of risk followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. The Company has an external Consultant who conducts regular internal audits and submits its Report on risk identification along with recommendations to the Board. Besides this, we have an in-house Internal Audit Team which regularly reviews processes, and system to evaluate and improve internal control environment.

Directors' Responsibility Statement

As required by Section 134(3)(c) of the Companies Act, 2013, the Board of Directors of the Company hereby state and confirm that:-

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments 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 31st March, 2015 and of the profit /loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 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 were adequate and operating effectively.

Disclosure under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013

As per the requirement of the Sexual Harassment of Women at workplace (Prevention Prohibition and Redressal) Act 2013 ('Act') and Rules made thereunder, your Company has adopted a Policy for prevention of sexual harassment at workplace. The Internal Complaints Committee of the Company constituted in terms of the said Act, reported no cases of sexual harassment during the year under review.

General

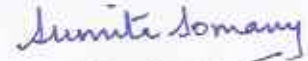
Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Your Company has not accepted any fixed deposits within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.
2. The Company does not have any Subsidiary, Joint Venture or Associates.
3. No Loans given, Investments made, Guarantees given and Securities provided by the Company under Section 186 of the Companies Act, 2013, during the year under review.
4. Issue of equity shares with differential rights as to dividend, voting or otherwise or Issue of shares (including sweat equity shares) to employees of the Company under any scheme or Issue of employees' stock option to employees of the Company under any scheme under the Companies (Share Capital and Debentures) Rules, 2014.
5. No significant or material orders were passed by the regulators or Courts or which impacts the going concern status and company's operations in future.
6. No amount has been transferred to any of the reserves.
7. No Corporate Social Responsibility initiatives have been undertaken by the Company, since not qualifying in terms of Section 135 of the Companies Act, 2013 and rules made thereunder.
8. No material changes/events occurred between the end of the financial year and till the date of this report affecting the financial position of the Company.

Acknowledgement

Your Directors would like to express their appreciation for the 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 the executives and staff of the Company.

For and on behalf of the Board



**Sumita Somany
(Whole-Time Director)**

Place: Gurgaon

Dated: 20 May, 2016

Enclosed

Annexure A – MGT 9
Annexure B – Remuneration Policy
Annexure C – Secretarial Audit Report
Annexure D – AOC-2

Annexure - A

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2016
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	U51109WB2005PTC106307
ii	Registration Date	24-Nov-05
iii	Name of the Company	HINDWARE HOME RETAIL PRIVATE 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 Tel. 91-33-2248 7406/7 Fax 91-33-2248 7045 email id - ngoenska@hindware.co.in
vi	Whether listed company	Unlisted
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
NIL			

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	HSIL Limited 2 Red Cross Place, Kolkata, Pin - 700001	L51433WB1960PLC024539	Holding Company	100%	2(46)

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2015)				No. of Shares held at the end of the year (as on 31.03.2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt. or State Govt.									
c) Bodies Corporates	0	3,20,00,000	3,20,00,000	100	0	3,20,00,000	3,20,00,000	100%	0.00
d) Bank/FI									
e) Any other									
SUB TOTAL (A) (1)	0	3,20,00,000	3,20,00,000	100	0	3,20,00,000	3,20,00,000	100%	0.00
(2) Foreign	Not Applicable								
a) NRI- Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other...									
SUB TOTAL (A) (2)									
Total Shareholding of Promoter									
(A) = (A)(1)+(A)(2)									
B. PUBLIC SHAREHOLDING	Not Applicable								
(1) Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central govt									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS									
h) Foreign Venture Capital Funds									
i) Others (specify)									
SUB TOTAL (B)(1):									
(2) Non Institutions	Not Applicable								
a) Bodies corporates									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs									
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs									
c) Others (specify)									
SUB TOTAL (B)(2):									
Total Public Shareholding									
(B) = (B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	Not Applicable								
Grand Total (A+B+C)	0	3,20,00,000	3,20,00,000	100	0	3,20,00,000	3,20,00,000	100%	0.00

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year on 01.04.2015			Shareholding at the end of the year on 31.03.2016			% 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	
1	HSIL Limited	3,20,00,000	100	0	3,20,00,000	100	0	0.00
	Total	3,20,00,000	100	0	3,20,00,000	100	0	0.00

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year (as on 01.04.2015)		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	HSIL Limited				
	At the beginning of the year	3,20,00,000	100	3,20,00,000	100
	Date wise increase/decrease in Promoters 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			3,20,00,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No	Shareholding at the end of the year (as on 31.03.2016)	Cumulative Shareholding during the year		
For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
HSIL Limited				
At the beginning of the year	3,20,00,000	100	3,20,00,000	100
Promoters Share holding during the year specifying the reasons for	-	-	-	-
At the end of the year			3,20,00,000	100

(v) Shareholding of Directors & KMP

Sl. No	Shareholding at the end of the year (as on 31.03.2016)	Cumulative Shareholding during the year		
For Each of the Directors & KMP	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
NIL				
At the beginning of the year				
Date wise increase/decrease in Promoters 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. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Name of the Directors		Total Amount
1	Independent Directors	Mr. Anshuman Mishra	Mr. Sandeep Parwal	
	(a) Fee for attending board committee meetings	15,000	9,000	24,000
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	Total (1)	15,000	9,000	24,000
2	Other Non Executive Directors	Mr. R.B. Kabra	Mr. N. Goenka	
	(a) Fee for attending board committee meetings	10,000	11,000	21,000
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	Total (2)	10,000	11,000	21,000
	Total (B)=(1+2)			45,000
	Total Managerial Remuneration (A+B) (excluding sitting fee)			41,18,223
	Overall Ceiling as per the Act.			42,00,000

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

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total
1	Gross Salary	Mr. V K Ajmera (Chief Financial Officer)	Ms. Komal Sinha (Company Secretary) *	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1357680	336527	1694207
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	0	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961.	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	as % of profit	0	0	0
	others, specify	0	0	0
5	Others, please specify	0	0	0
	Total	1357680	336527	1694207

* Ms. Heena Garg ceased to be a Company Secretary w.e.f.18.11.2015 and Ms. Komal Sinha joined w.e.f 14.03.2015

V INDEBTEDNESS

Amount in lacs.

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount	2,687.55	606.02		3,293.57
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,687.55	606.02		3,293.57
Change in Indebtedness during the financial year				
Additions	-	-	-	-
Reduction	726.19	156.02		882.21
Net Change	726.19	156.02		882.21
Indebtedness at the end of the financial year				
i) Principal Amount	1,961.36	450.00		2,411.36
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,961.36	450.00		2,411.36

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration	Mrs. Sumita Somany (Whole Time Director)	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	40,80,000	40,80,000
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-
	(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	-	-
	Other (Medical exp. Reimb.)	38,223	38,223
5	Others, please specify		
	Total (A)	41,18,223	41,18,223
	Ceiling as per the Act*	42,00,000	42,00,000

* As per the Section II of Part II of Schedule V of the Companies Act, 2013

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeall made if any (give details)
A. COMPANY					
Penalty	Not Applicable				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	Not Applicable				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	Not Applicable				
Punishment					
Compounding					

ANNEXURE B

REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- **Guiding Principles:** This Policy of the Company aims to attract, retain and motivate professionals; in order to enable the Company to achieve its strategic objectives and develop a strong performance based culture and a competitive environment. This Policy and the compensation structure has been devised after taking into account all relevant factors and giving due regard to the interests of shareholders and the financial and commercial health of the Company.
- **Board to determine the remuneration:** The Board while determining the remuneration package of the Directors, Key Managerial Personnel and Senior Management may take into account, all or any of the following:
 - (a) the requirement of the Company, specifically in terms of the skill sets required, the qualification of the persons being considered and the long term and short term goals of the Company;
 - (b) interests of the shareholders and the financial and commercial health of the Company;
 - (c) individual performance of the persons being considered;
 - (d) performance of the Company;
 - (e) remuneration packages offered by companies of comparable size in the same business as the Company;
 - (f) remuneration package offered at the same level by companies of comparable size in other businesses; and
 - (g) other relevant factors it deems necessary.
- **Maximum Threshold:** Except as otherwise provided under the Companies Act or with the prior approval of the Central Government, the total managerial remuneration payable by the Company, to its Directors (including managing director and whole-time director) and its manager in respect of a financial year shall not exceed 11% (eleven per cent) of the net profits of the Company in the relevant financial year, computed in the manner prescribed under the Companies Act. Further, except with the approval of the Company in general meeting:
 - (a) the remuneration payable to any one managing director, or whole-time director or manager shall not exceed 5% of the net profits of the company and if there is more than one such directors, remuneration shall not exceed ten per cent, of the net profits to all such directors and manager taken together;

(b) the remuneration payable to Directors who are not managing directors nor whole-time directors shall not exceed 1% (one per cent) of the net profits of the Company.

- **Manner of payment:** Remuneration payable to Key Managerial Personnel and Senior Management may be mix of (i) fixed components such as salary, perquisites and allowances and (ii) variable components including commission, based on the individual performance and the performance of the Company, as determined by the Board, provided that the remuneration payable to the Directors shall be subject to the prior/post approval of the shareholders of the Company and/or the Central Government, as may be required under the applicable laws.
- **Perquisites/allowances:** The Company may offer perquisites and allowances such as house rent allowance, leave travel concession, medical reimbursement, club membership, personal accident insurance and such other benefits, facilities and allowances, to Directors, Key Managerial Personnel and Senior Management as determined by the Board from time to time.
- **Sitting Fee:** Non-executive Directors of the Company may be entitled to a sitting fee, as determined by the Board or the Company in accordance with the provisions of the Companies Act. No executive Director shall be entitled to receive a sitting fee for attending Board meeting of the Company. Sitting fee will not be considered as a part of remuneration for determining the aggregate managerial remuneration being paid to Directors in accordance with this Policy.
- **Remuneration to non-executive Directors:** Non-executive Directors may receive remuneration by way of (i) Sitting fee, (ii) reimbursement of expenses for participation in the Board and other meetings; and (iii) in such other manner as may be permitted under applicable law. An independent director shall not be entitled to any stock option.
- **Fee for professional services:** It is clarified that, the fee payable to a Director for any professional services rendered by him to the Company shall not be considered as a part of the relevant Director's remuneration. Further, payment of such professional fee shall not require approval of the shareholders, if the Committee is satisfied that the Director possesses the relevant qualifications for practicing the profession. Provided however that in case approval of the shareholders is required pursuant to the related party transactions policy of the Company or under the Companies Act (by virtue of such a transaction being considered as a contract or arrangement for availing any services and/or for appointment of a related party to any office or place of profit in the Company), such approval shall be obtained, in accordance with the provisions of the Companies Act.
- **Professional Indemnity:** The Company may take such professional indemnity and liability insurance policy for its Directors, Key Managerial Persons and Senior Management, as the Board may deem fit and the premium paid on such insurance shall not to be treated as part of the remuneration payable to any such personnel, except as otherwise provided under the Companies Act.
- **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole Time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able

to comply with such provisions, with the prior approval of the Central Government.

- **Provisions for excess remuneration:** If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it, unless permitted by the Central Government.

DROLIA & COMPANY

3rd Floor, Room No. 19, 9, Crooked Lane, Kolkata - 700069
 Mobile No. 9831196869, Email ID: droliapravin@yahoo.co.in

Form No. MR - 3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
 The Members,
Hindware Home Retail Private Limited
CIN: U51109WB2005PTC106307
 2, Red Cross Place,
 Kolkata - 700 001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Hindware Home Retail Private Limited (CIN:U51109WB2005PTC106307) (hereinafter called "the Company"). The 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 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 31st March, 2016 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2016 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
 - II. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
 - III. Employees Provident Fund and Miscellaneous Provisions Act, 1952
 - IV. Employees State Insurance Act, 1948
 - V. The Environment Protection Act, 1986 and rules there under
 - VI. Hazardous Wastes (Management, Handling and Transboundary Movement Rules) Rules, 2008 and Amendments thereof
 - VII. Indian Contract Act, 1872
 - VIII. Indian Stamp Act, 1999
 - IX. The Maternity Benefits Act, 1961
 - X. The Negotiable Instruments Act, 1881
 - XI. The Payment of Bonus Act, 1965
 - XII. The Payment of Gratuity Act, 1972
 - XIII. The Payment of Wages Act, 1936
 - XIV. The Minimum Wages Act, 1948
 - XV. The Contract Labour (Regulations and Abolition) Act, 1970
- and all other laws as may be applicable to the Company from time to time.



The various Acts, Regulations and Guidelines prescribed by The Securities and Exchange Board of India are not applicable to the Company for the period under report being a unlisted Company.

The followings Acts, Regulations and Guidelines are also not applicable to the Company, as the Company has no manufacturing activity :

- a. Factories Act, 1948
- b. Industrial Disputes Act, 1947

We have also examined compliance with applicable clauses and regulations of Secretarial Standard-1 (SS-1) on meeting of Board of Directors and Secretarial Standard-2 (SS-2) on General Meetings issued by the Institute of Company Secretaries of India

During the period under review the Company has complied with the provisions of all the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. There was no changes in the composition of the Board of Directors during the period under review.

Adequate Notice is given to all Directors to schedule the Board Meetings. Agenda and detailed Notes on Agenda were sent at least seven days in advance, in terms of Section 173 of the Companies Act, 2013 during the relevant period, 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.

All decisions of the Board were unanimous and the same was captured and recoded as part of the Minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as also represented by the management.

We further report that during the audit period, the Company has issued and allotted 27,00,000 Non-Cumulative Redeemable Preference shares of face value of Rs. 100/- each at par on Rights basis to M/s HSIL Limited, its holding Company pursuant to Section 62 of the Companies Act, 2013, reads with rules made thereunder.

We further report that during the audit period, the Company has not made any:

- (i) Redemption / buy-back of securities.
- (ii) Major decisions taken by the Members in pursuance to section 180 of the Companies Act, 2013.
- (iii) Merger/Amalgamation/Reconstruction etc.
- (iv) Foreign technical collaborations.

Place: Kolkata
Date: May 7, 2016

Note:

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

FOR DROLIA& COMPANY
(Company Secretaries)

Pravin Kumar Drolia
(Proprietor)
FCS: 2366
C P No.: 1362

DROLIA & COMPANY

3rd Floor, Room No. 19, 9, Crooked Lane, Kolkata - 700069
Mobile No. 9831196869, Email ID: droliapravin@yahoo.co.in

To,
The Members,
Hindware Home Retail Private Limited
CIN: U51109WB2005PTC106307
2, Red Cross Place,
Kolkata-700 001

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility:

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditors' Responsibility:

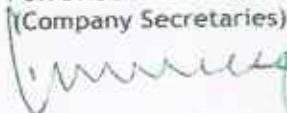
2. Our responsibility is to express opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's Management is adequate and appropriate for us to provide a basis for our opinion.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer:

5. 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.

Place: Kolkata
Date: May 7, 2016

FOR DROLIA & COMPANY
(Company Secretaries)


Pravin Kumar Drolia
(Proprietor)
FCS: 2366
C P No.: 1362



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 arms 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)

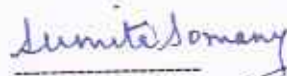
1. Details of contracts or arrangements or transactions not at arm's length basis:

(a) Name(s) of the related party and nature of relationship	(b) Nature of contracts /arrangements /transactions	(c) Duration of the contracts / arrangement s/ transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any	(e) Justification for entering into such contracts or arrangements or transactions	(f) Date(s) of approval by the Board:	(g) Amount paid as advances, if any	(h) 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) Name(s) of the related party and nature of relationship	(b) Nature of contracts /arrangements /transactions	(c) Duration of the contracts / arrangement s/ transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any	(e) Date(s) of approval by the Board, if any	(f) Amount paid as advances, if any
M/s HSIL Limited – Holding Company	Sale and Purchase of Goods	On-going	As per Purchase order and Invoices	-	Nil

For and on behalf of the Board of Directors



Sumita Somany
Whole Time Director