ANNEXURE- 6

FAIRNESS OPINION REPORT

FOR THE COMPOSITE SCHEME OF ARRANGEMENT

AMONGST

HINDWARE HOME INNOVATION LIMITED

AND

HHIL LIMITED

AND

HINDWARE LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTION 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013



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Ref. No: CPC/MB/217/2024-25
SEBI Reg. No: INM000011435

To,

The Board of Directors, **Hindware Home Innovation Limited** 2, Red cross Place, Kolkata, Kolkata, West Bengal, India, 700001	**The Board of Directors,** **Hindware Limited** 2, Red cross Place, Kolkata, Kolkata, West Bengal, India, 700001	**The Board of Directors,** **HHIL Limited** 2, Red cross Place, Kolkata, Kolkata, West Bengal, India, 700001

Dear Sir/Ma'am,

Subject: Fairness Opinion on Recommendation of share entitlement ratio for the proposed demerger of Consumer Products Business ("Demerged Undertaking") of Hindware Home Innovation Limited into HHIL Limited and share swap ratio for proposed amalgamation of Remaining Hindware Home Innovation Limited (post effect of demerger) into Hindware Limited.

We, **Corporate Professionals Capital Private Limited** (SEBI Registered Category I Merchant Banker), have been appointed by **Hindware Home Innovation Limited *("Demerged Company"/"Remaining Transferor Company")*** to provide a Fairness Opinion on the Valuation report issued by **Ernst & Young Merchant Banking Services LLP,** Registered Valuer (Reg. No: IBBI/RV-E/05/2021/155), dated **27th March 2025**, in connection with:

- Proposed demerger of the Consumer Products Business ("Demerged Undertaking") from Hindware Home Innovation Limited ("Demerged Company") into HHIL Limited ("Resulting Company") (hereinafter referred to as "Proposed Demerger"); and
- Proposed amalgamation of Remaining Transferor Company (i.e., Hindware Home Innovation Limited post Proposed Demerger) into Hindware Limited ("Transferee Company") (hereinafter referred to as "Proposed Amalgamation").

under a Composite Scheme of Arrangement ("Proposed Scheme"). The Proposed Demerger and Proposed Amalgamation are collectively referred to as "Proposed Transaction".

The Proposed Demerger and Proposed Amalgamation are collectively referred to as "Composite Scheme of Arrangement/ Proposed Transaction".

Demerged Undertaking, Resulting Company, Remaining Transferor Company and Transferee Company are hereinafter collectively referred to as "Valuation Subjects". The Management of Valuation Subjects is collectively referred to as the "Management".

"Share Entitlement Ratio" refers to number of equity shares to be issued (for and not in exchange of) by Resulting Company to the shareholders of the Demerged Company pursuant to the Proposed Demerger; and "Share Swap Ratio" refers to number of equity shares of Transferee Company which would be issued (in exchange of) to the shareholders of the Remaining Transferor Company pursuant to the Proposed Amalgamation.

Share Entitlement Ratio and Share Swap Ratio are collectively referred to as "Ratios".

In terms of our engagement, we are enclosing our opinion along with this letter. All comments as contained herein must be read in conjunction with the caveats to this opinion. The opinion has been

made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") read with SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, it should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of **Corporate Professionals Capital Private Limited**, such consent will only be given after full consideration of the circumstances at the time. We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchanges, Securities and Exchange Board of India, Hon'ble National company Law Tribunal ("NCLT") and notices to be dispatched to the shareholders and creditors for convening the meeting pursuant to the directions of Hon'ble NCLT and we provide consent for the same.

Trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully

For Corporate Professionals Capital Private Limited



[Authorized Signatory]

Place: New Delhi
Date: 27th March 2025

CONTENTS

CONTEXT AND BACKGROUND 4

SOURCE OF THE INFORMATION 8

APPROACH AND METHODOLOGY 9

BASIS FOR FAIRENESS OPINION ON RECOMMENDED RATIOS 10

CAVEATS, LIMITATIONS AND DISCLAIMER 12



CONTEXT AND BACKGROUND

BRIEF OF THE COMPANIES INVOLVED UNDER THIS ARRANGEMENT

Hindware Home Innovation Limited ("Demerged Company"/ "Remaining Transferor Company") is a public listed company, incorporated under the Companies Act, 2013, having its registered office at 2, Red Cross Place, Kolkata, West Bengal – 700 001, India.

The demerged Company is, inter alia, engaged in: (i) Building Products Business; and (ii) Consumer Products Business. The Building Products Business involves manufacturing, branding and distribution of sanitaryware, faucets, pipes, fittings and related building products. The Building Products Business is operated through its subsidiary, i.e., Hindware Limited. On the other hand, the Consumer Products Business is primarily involved in branding and distribution of consumer durable products such as kitchen appliances, fixtures and fittings, water heaters (carried through a joint venture company Hintastica Private Limited) and online retail (undertaken through its wholly owned subsidiary i.e., Evok Home Private Limited). The securities of Demerged Company are listed on National Stock Exchange Limited and BSE Limited.

HHIL Limited ("Resulting Company") is a public unlisted company, incorporated on 04 March 2025 under the Companies Act, 2013, having its registered office at 2, Red Cross Place, Kolkata, West Bengal - 700 001, India. Resulting Company is incorporated to carry on the Consumer Products Business (as described earlier) proposed to be demerged under the Proposed transaction. As of the fairness opinion date, Resulting Company is a wholly owned subsidiary of Demerged Company.

Hindware Limited ("Transferee Company") is a public unlisted company incorporated under the Companies Act, 2013, having its registered office at 2, Red Cross Place, Kolkata, West Bengal- 700 001, India. Transferee Company, along with its subsidiaries, is inter alia engaged in the Building Products Business (as described in the proposed Scheme). As of the date of this report, the Transferee Company is a subsidiary of the Demerged Company, which holds approximately ~98.6% (ninety-eight-point six percent.) of the paid-up share capital (including partly paid-up equity shares calculated on a fully diluted basis) of the Transferee Company. The remaining shares of the Transferee Company are held by certain Identified Employees (as defined in the proposed Scheme).

We understand that the Management is contemplating to execute a Composite Scheme of Arrangement under Section 230 to Section 232 and other applicable provisions of the Companies Act, 2013 read with Section 2(1B), Section 2(19AA) and other applicable provisions of the Income Tax Act, 1961 involving the following modus operandi:

- the demerger, transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, in consideration thereof; and

- the amalgamation of the Remaining Transferor Company with and into the Transferee Company and issue of the equity shares by the Transferee Company to the shareholders of the Remaining Transferor Company, in consideration thereof.

Subject to necessary approvals and the Proposed Scheme, Demerged Undertaking would be effective from the appointed date viz. 01 April 2025 ("Appointed Date"), as mentioned in the Proposed Scheme.

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RATIONALE FOR THE PROPOSED SCHEME

- The Demerged Company has 2 (two) distinct business segments: (a) Consumer Products Business; and (b) Building Products Business.
- The Consumer Products Business is primarily engaged in branding and distribution of consumer durable products. Whereas the Building Products Business is an integrated play of manufacturing, branding and distributing of sanitaryware, faucets, pipes, fittings and related building products. Both the Consumer Products Business and Building Products Business have distinct:
    a. distribution channels, influencers, competition, challenges and opportunities for its business and products;
    b. capital requirements, working capital and associated risk and returns in carrying on their respective business;
    c. skill required for manufacturing, technology, installation and customer service and manpower requirements; and
    d. strategic and financial investors' interest.
- The proposed demerger of the Demerged Undertaking into the Resulting Company and the amalgamation of the Remaining Transferor Company into the Transferee Company will enable:
    a. unlocking the value in business for shareholders by attracting distinct strategic and financial investors, making it easier to access growth capital for the respective companies, and providing investors with the flexibility to invest in relevant business according to their strategies and risk profiles;
    b. creation of focused companies, leading to improved management, better visibility on each business's performance, more effective resource allocation for growth, and better risk management; and
    c. streamlining the corporate structure, resulting in greater operational efficiency and implementing smoother and effective controls and processes.

The Fairness Report is for the consideration of Audit Committee and the Board of Directors of Demerged Company, Resulting Company and the Transferee Company, as applicable in accordance with the applicable relevant laws, rules and regulations. To the extent mandatorily required under applicable laws of India, this Report maybe produced before the judicial, regulatory or government authorities, stock exchanges and shareholders in connection with the Proposed Transaction.

The Management has represented that there are no significant changes in business operations and financial position of Valuation Subjects from latest audited financials provided to us till the date of Fairness opinion.

We have been informed that till the Proposed Transaction becomes effective, dividends may be declared by the Companies in the ordinary course of its business in line / consistent with the comparable yields for the past few years. Further, as per the Proposed Transaction, in the event that, either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Proposed Transaction becomes effective, the issue of shares pursuant to the Ratios recommended in the fairness opinion report shall be adjusted accordingly to take into account the effect of any such corporate actions.



CAPITAL STRUCTURE

Hindware Home Innovation Limited (Demerged Company / Remaining Transferor Company)

The issued, subscribed and paid-up equity share capital of Demerged Company as at the fairness opinion date is **INR 167.3 million** consisting of **83,646,357 equity shares** of face value of **INR 2 each**. The shareholding pattern as at fairness opinion date is as follows:

Name of the Shareholder	Number of Shares Held	% Held
Promoter / Promoter Group	4,41,17,738	52.74%
Public	3,95,28,619	47.26%
Total Shares	83,646,357	100.00

Source: Management

The management of Demerged Company has represented that there are no outstanding stock options/warrants/ security/convertible instruments, etc. issued or granted by Demerged Company as at date of issue of this Report, which would impact the number of equity shares of Demerged Company.

HHIL Limited (Resulting Company)

The issued, subscribed and paid-up share capital of Resulting Company as at the fairness opinion date is **INR 10 million**, consisting of **5,000,000 equity shares** of face value of **INR 2 each**. The shareholding pattern as at fairness opinion date is as follows:

Name of the Shareholder	Number of Shares Held	% Held
Hindware Home Innovation Limited	5,000,000	100.00
Total Shares	5,000,000	100.00

Source: Management

The management of Resulting Company has represented that there are no outstanding stock options/warrants/ security/convertible instruments, etc. issued or granted by Resulting Company as at date of issue of this fairness opinion report, which would impact the number of equity shares of Resulting Company.

Hindware Limited (Transferee Company)

The issued, subscribed and paid-up equity share capital of Transferee Company as at the fairness opinion date is **INR 98.9** million consisting of **49,900,000 equity shares** of face value of **INR 2 each.** The fully diluted shareholding pattern as at the fairness opinion date is as follows:

Name of the Shareholder	No. of Shares Held	% Held
Hindware Home Innovation Limited	49,200,000	98.6
Identified Employees (as defined hereafter)	700,000	1.4
Total Shares	49,900,000	100.00

Source: Management

Transferee Company had issued and allotted **900,000** partly paid equity shares of **INR 2 each** at **INR 452** per share on the receipt of **INR 1 per share** to certain identified employees (hereafter referred to as "Identified Employees"). As informed by the Management, **200,000** partly paid shares were bought by Demerged Company, and as a result, Demerged Company owns **49 Mn** fully paid shares and **0.2 Mn** partly paid shares as at the Valuation Date.

The above-mentioned shareholding pattern considers the partly paid shares to be fully exercised.

Apart from the above, the management of Transferee Company has represented that there are no outstanding stock options/warrants/ security/convertible instruments, etc. issued or granted by Transferee Company as at date of issue of this Report, which would impact the number of equity shares of Transferee Company.



SOURCE OF THE INFORMATION

In connection with this exercise, we have used the following information shared with us during the course of the engagement:

For Demerged Undertaking

- Historical carved-out financial information (extract of balance sheet and statement of profit and loss upto profit before tax ("PBT") level without schedules) of the Demerged Undertaking for the year ended 31 March 2024 and 9 months ending 31 December 2024.

For HHIL Limited / Resulting Company

- Provisional balance sheet of the Resulting Company as on the date of subscription of initial paid up capital.

For Remaining Transferor Company

- The Management has represented that the Remaining Transferor Company (i.e., Hindware Home Innovation Limited post Proposed Demerger) shall purely be a holding company to Transferee Company and will not have any other net assets or standalone operations of its own

For Hindware Limited (Transferee Company)

- Audited financials for financial year ended 31 March 2023 and 31 March 2024.
- Audited financial results for the 9 months period ended 31 December 2024.

Other information

- Draft Composite Scheme of Arrangement.
- Details of contingent liabilities/assets of the Valuation Subjects and probability of their devolving into an actual liability or asset in the foreseeable future.
- Details of issued, subscribed and paid-up share capital along with the shareholding pattern of Valuation Subjects as at the Valuation Date.
- Valuation report issued by Ernst & Young Merchant Banking Services LLP, Registered Valuer (Reg. No: IBBI/RV-E/05/2021/155), dated 27th March 2025

In addition, we have obtained information from public sources/proprietary databases.

During discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise.

We have relied on the above while arriving at our opinion on Proposed Transaction.



APPROACH AND METHODOLOGY

The independent valuer has utilized the Market Approach and the Net Asset Approach to assess the value of the transferee company. As part of our review process for the fairness opinion, we have conducted a thorough sanity check on the valuation calculations to ensure their reasonableness and consistency. An extract of the key valuation computations, along with relevant details, is attached below for reference.

Market Approach: Within Market Approach, the Market Price (MP) Method has been used to arrive at the value of Transferee Company. Under this method, value of shares of a company is determined by taking the average market capitalization of equity shares of the company under consideration.

Price considered (INR)	230.5	A
Shares in Mn	83.6	B
M-cap in INR Mn	**19,277**	**C = A * B**
Adjustment for Consumer Prod. Biz	85%	(D)
Implied M-Cap	**16,386**	**E = D * C**
Number of equity shares (Mn)	49.0	F
Value per equity share (INR)	**334.40**	**G = E / F**

Asset Approach: Under this approach, the net asset value method is considered, which is based on the underlying value of assets and liabilities. The audited balance sheet as at 31st December 2024 has been considered for computing the net asset value of Transferee Company.

The Management has represented that there are no significant changes in business operations and financial position of Transferee Company from the audited financials as of 31st December 2024 provided till fairness opinion report date.

Particulars (INR Mn)	Notes	INR Mn
Enterprise Value as per Net Asset Value method	1	12,631
Less: Net Debt	2	(7,770.00)
Equity Value		**4861.00**
Number of equity shares (Mn)		49
Value per equity share (INR)		**99.20**

Notes:

1. Enterprise value based on the audited standalone balance sheet of Transferee Company as at 31st December 2024
2. Net Debt = Debt (incl. capital creditors and interest accrued but not due on borrowings) less Cash and Cash Equivalents as at 31st December 2024.

Computation of Equity Value of Remaining Transferor Company using both Market Approach and Net Asset Approach

For Remaining Transferor Company	INR Mn	Note
Equity Value as per Market Approach	16,386	100% * Equity Value of Transferee Company
Equity Value as per Net Asset Value method	4,861	

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BASIS FOR FAIRENESS OPINION ON RECOMMENDED RATIOS

Share Entitlement Ratio: Proposed Demerger

We understand that as part of the Proposed Scheme, Demerged Undertaking of Demerged Company is proposed to be demerged into Resulting Company. It can be seen that Resulting Company is not engaged in any operations and Demerged Company holds 100% equity shares of Resulting Company. Once the Proposed Scheme is implemented, all the shareholders of Demerged Company would also become shareholders of Resulting Company, and their shareholding in Resulting Company would mirror their shareholding in Demerged Company. The effect of the Proposed Demerger is that each shareholder of Demerged Company becomes the owner of shares in two companies instead of one company. The percentage holding of a shareholder in Demerged Company (post the demerger) and in Resulting Company would remain unchanged from the proportion of capital held by such shareholder in Demerged Company. This will also result in no fractional entitlement for the shareholders.

Hence, Share Entitlement Ratio would not have any impact on the ultimate value of the shareholders of Demerged Company and the Proposed Demerger will be value-neutral to the shareholders of Demerged Company.

Further, as stated in SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20 June 2023, valuation is not required in cases where there is no change in shareholding pattern in the resultant company.

*Keeping the same in view, a **share entitlement ratio of 1 (One) equity share** of Resulting Company for **1 (One) equity share** of Demerged Company would be appropriate.*

Share Swap Ratio: Proposed Amalgamation

Pursuant to the Proposed Transaction, pursuant to Proposed Demerger, Remaining Transferor Company shall amalgamate into Transferee Company.

As a result, the equity shares held by the Remaining Transferor Company in the share capital of Transferee Company shall stand cancelled and in consideration Transferee Company will issue its equity shares directly to the shareholders of Remaining Transferor Company.

Further, after Proposed Demerger, Remaining Transferor would only consist of investment in Transferee Company. As per the shareholding structure as at Fairness Opinion Date, Remaining Transferor Company would hold 98.6% ownership in Transferee Company and the remaining 1.4% would be held by identified Employees (considering that the partly paid shares are fully exercised).

Valuation Approach	Remaining Transferor Company		Transferee Company	
	Value (INR Mn)	Weight	Value (INR Mn)	Weight
Asset Approach	4,861	20%	4,861	20%
Income Approach	N.A	N.A	N.A	N.A
Market Approach	16,386	80%	16,386	80%
Total Value	14,081	100%	14,081	100%
Value proportion against value of Transferee Company	Equity Value of Remaining Transferor Company is fully derived from equity value of Transferee Company			
Number of shares (in Mn)	83.6		49.0	

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Valuation Approach	Remaining Transferor Company		Transferee Company	
	Value (INR Mn)	Weight	Value (INR Mn)	Weight
Value per share (INR)	168.3345		287.3585	
Share Swap Ratio	0.5858:1			

The above share swap ratio will lead to fractional entitlement for the shareholders. Further, as per the aforementioned share swap ratio, Transferee Company shall issue **49,000,000** shares of a face value of **INR 2 each** aggregating to **INR 98.0 Mn**. As a result, Transferee Company would not be able to meet the minimum paid-up capital requirement of **INR 100 Mn**, as mandated for a listed company under SEBI regulations for IPO.

The Remaining Transferor Company is purely a holding company of Transferee Company, and the economic beneficial interest of the shareholders of the Remaining Transferor Company should remain unaffected following the proposed amalgamation. In order to ensure compliance with the SEBI regulations, and to prevent the issuance of fractional shares to the existing shareholders of Demerged Company, it is proposed that the existing capital base of Remaining Transferor Company be maintained. This approach will ensure that the economic interests of the existing shareholders of Demerged Company are preserved, without any dilution or modification in their entitlements.

Owing to the above, the minority shareholders of Transferee Company, holding partly paid-up shares, would get diluted. As mentioned in the Proposed Scheme, Transferee Company shall issue additional partly paid-up equity shares to Identified Employees to compensate them for any dilution.
Therefore, the Proposed Amalgamation

Share Entitlement Ratio for Proposed Demerger:

1 (One) equity shares of Resulting Company of INR 2/- each fully paid up, for every 1 (One) equity shares of Demerged Company of INR 2/- each fully paid up (in addition to, not in exchange of equity shares held in Demerged Company).

Share Swap Ratio for Proposed Amalgamation:

1 (One) equity shares of Transferee Company of INR 2/- each fully paid up, for every 1 (One) equity shares of Remaining Transferor Company of INR 2/- each fully paid up (in exchange of equity shares held in Remaining Transferor Company).

It should be noted that we have not examined any other matter including economic rationale for the Proposed Transaction per se or accounting, legal or tax matters involved in the Proposed Transaction.

"Subject to the above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, we have reviewed the proposed Scheme, the Valuation Report dated 27th March 2025 of **Ernst & Young Merchant Banking Services LLP** *with respect to the share exchange ratio aspects and consider it to be fair and reasonable".*

CAVEATS, LIMITATIONS AND DISCLAIMER

- We did not perform any valuation exercise related to the transaction. We performed detailed analysis based on information and documents received from the management and verified the rational of the calculation, decisions mentioned in valuation report.
- Our services do not represent valuation, accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- An opinion of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This report is issued on the understanding that the management of the Companies have drawn our attention to all the matters which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion.
- We have taken into account, in our analysis, such events and circumstances occurring after the Valuation Date as disclosed to us by the Companies, to the extent considered appropriate by us based on our professional judgement. Further, we have no responsibility for any events and circumstances occurring after the date of the report.
- The recommendation(s) rendered in this report only represent our recommendation(s) based upon information received from the management till the report date and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Scheme, which might be relevant in the context of the transaction and which a wider scope might uncover.
- We have no present or planned future interest in the Restructured Company/ies and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The Opinion contained herein is not intended to be represented at any time other than the date that is specifically stated in this Fairness Opinion Report. This opinion is issued on the understanding that the Management of the Restructured Companies under the Scheme have drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Fairness Opinion.

