

COMPLIANCE REPORT

To,
The Trustees of Shakthi Family Trust

Dear Sirs,

Sub: Compliance Report on Shakthi Family Trust

We, DSK Legal, Advocates and Solicitors, have conducted an examination of various records and documents of the Shakthi Family Trust ("**Trust**") furnished to us, as set out in Appendix-A hereto, for the period December 10, 2019 till date ("**Review Period**"), pursuant to the requirement laid down in the circular issued by Securities Board of India ("**SEBI**") dated December 22, 2017 and bearing no. SEBI/HO/CFD/DCR1/CIR/P/2017/131 ("**SEBI Circular**"), and order dated December 10, 2019 issued by SEBI to the Trust ("**SEBI Order**").

Vide the aforesaid Order, we understand that the Trust was granted exemption under Section 11(1) and 11(2)(h) of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") read with Regulation 11(5) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**Takeover Regulations**") from complying with the requirements of Regulations 3 and 4 of the Takeover Regulations with respect to the acquisition of 1,00,80,055 (One Crore Eighty Thousand and Fifty Five) equity shares ("**Acquired Shares**") by the Trust from the Promoter, Mr. Shreekanth Somany in the target company, viz. Somany Ceramics Limited, a public listed company, incorporated under the provisions of the Companies Act, 1956 and having its registered office at 2, Red Cross Place, Kolkata – 700001, India ("**Target Company**").

Pursuant to the aforesaid SEBI Circular and SEBI Order, the Trust is required to get its compliance status certified from an independent auditor annually and furnish the certificate to the Stock Exchanges for public disclosure with a copy endorsed to SEBI for its records. In view thereof, we have conducted the examination of the records and documents furnished to us, as more particularly set out in Appendix-A hereto, to ascertain and opine on compliance by the Trust with the various terms and conditions laid down in the aforesaid SEBI Circular and SEBI Order ("**Report**"). Our Report as set out in Section 1 hereinbelow must be read along with the Notes to the Report as set out in Section 2 hereinbelow.

If you require any further clarification or elucidation, please do not hesitate to contact us.

Yours truly,



Niraj Kumar
Partner
DSK Legal

Date: May 12, 2020

1. OUR REPORT

Based on the examination of the Trust Deed dated November 4, 2019 ("**Trust Deed**") and various other records/documents and information provided to us by the representatives of the Trust, as more particularly set out in Appendix-A hereto, we note that the Settlor, Trustees and Beneficiaries of the Trust are as under:

Settlor	Trustees	Beneficiaries
Mr. Shreekant Somany (Promoter of Target Company)	Mr. Shreekant Somany (Promoter of Target Company)	Mr. Abhishek Somany (Son of Mr. Shreekant Somany)
	Mrs. Minal Somany (wife of Mr. Abhishek Somany)	Children and lineal descendants of Mr. Abhishek Somany unless excluded
	Mrs. Anjana Somany (wife of Mr. Shreekant Somany)	Special beneficiaries unless excluded (i.e. following beneficiaries who have met the eligibility criteria as decided by the Trustees from time to time: (i) wife of Mr. Abhishek Somany, Mrs. Minal Somany; (ii) legally wedded spouses of the male lineal descendants of Mr. Abhishek Somany, on them completing 15 years of marriage to them; and (iii) widows of deceased male children and lineal descendants of Mr. Abhishek Somany. Only person(s) who are immediate relatives or lineal descendants of Mr. Abhishek Somany can be Special Beneficiaries.
	Mr. Abhishek Somany (Son of Mr. Shreekant Somany)	

We further observe that the Trust holds the Acquired Shares in the Target Company, acquired from the Promoter of the Target Company, Mr. Shreekant Somany on February 11, 2020.

In view thereof, we hereby report that, during the Review Period¹:

¹ Please refer to the corresponding notes in the Notes Section 2 below.

- 1.1. Only individual promoter or his immediate relatives or lineal descendants are Trustees and Beneficiaries of the Trust.
- 1.2. As (a) the Trust holds the Acquired Shares in the Target Company duly acquired from the promoter of the Target Company, and (b) the Trust reflects only the individual promoter or his immediate relatives or lineal descendants as Trustees and Beneficiaries of the Trust, the Trust therefore, appears to in substance, only a mirror image of the promoters' holdings and consequently, there is no change of ownership or control of the shares or voting rights in the Target Company.
- 1.3. The beneficial interest of the Beneficiaries of the Trust has not been transferred, assigned or encumbered in any manner including by way of pledge/mortgage.
- 1.4. The Trustees of the Trust have not transferred or delegated any of their powers in the Trust to any person. The Trustees have only appointed Mr. Abhishek Somany as the Managing Trustee (from amongst themselves) in accordance with terms of the Trust Deed.
- 1.5. Neither has there been any change in the Trustees / Beneficiaries of the Trust, nor has any Trustee vacated his office, pursuant to the SEBI Order and the provisions of the Trust Deed.
- 1.6. Trust Deed stipulates the following:
 - (i) In case of dissolution of the Trust, the assets will be distributed only to the Beneficiaries of the Trust or to their legal heirs.
 - (ii) As far as the provisions of the SEBI Act and the regulations framed thereunder are concerned, the ownership or control of shares or voting rights will be treated as vesting not only with the Trustees but also indirectly with the beneficiaries.
 - (iii) Any change in the Trustees / Beneficiaries and any change in ownership or control of shares or voting rights held by Trust shall be disclosed within 2 days to the concerned stock exchanges with a copy endorsed to SEBI for its record.
 - (iv) The liabilities and obligations of individual transferors under the SEBI Act and the regulations framed thereunder will not change or get diluted due to transfers to the Trust.
 - (v) The Trust shall confirm, on an annual basis, that it is in compliance with the exemption order passed by SEBI. The said confirmation shall be furnished to the company which it shall disclose prominently as a note to the shareholding pattern filed for the quarter ending March 31 each year, under regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (vi) The Trust shall get its compliance status certified from an independent auditor annually and furnish the certificate to the Stock Exchanges for public disclosure with a copy endorsed to SEBI for its records.
- 1.7. The acquisition of equity shares by the Trust from the Promoter, Mr. Shreekant Somany was in accordance with the provisions of the Companies Act, 2013 and other applicable laws.

- 1.8. The transferor (and the settlor of the Trust), Mr. Shreekant Somany is disclosed as Promoter in the shareholding pattern of the Target Company filed with the Stock Exchange for a period of at least 3 (three) years prior to transfer.
- 1.9. There appears to be no layering in terms of Trustees / Beneficiaries of Trusts.
- 1.10. The Trust Deed does not contain any limitation of liability of the Trustees / Beneficiaries in relation to the provisions of the SEBI Act and all regulations framed thereunder.
- 1.11. On completion of the acquisition of the Acquired Shares, i.e. 1,00,80,055 (One Crore Eighty Thousand and Fifty Five) equity shares in the Target Company, the Trusts has filed a report with SEBI within a period of 21 (twenty one) days from the date of such acquisition, as provided in the Takeover Regulations.
- 1.12. The covenants in the Trust Deed are not contrary to the above conditions and undertaking dated March 18, 2019 provided by the transferor.

2. NOTES TO SECTION 1

- 2.1. Note to Section 1.1 and 1.2: On perusal of the Trust Deed and as confirmed by the Trust's representatives, we observe that:
 - (a) the Trustees of the Trust are as follows: (i) Mr. Shreekant Somany (promoter of the Target Company), (ii) Mr. Abhishek Somany (son of Mr. Shreekant Somany), (iii) Mrs. Anjana Somany (wife of Mr. Shreekant Somany), and (iv) Mrs. Minal Somany (wife of Mr. Abhishek Somany).
 - (b) the Beneficiaries are as follows: (i) Mr. Abhishek Somany (son of Mr. Shreekant Somany), (ii) children and lineal descendants of Mr. Abhishek Somany unless excluded, and (iii) Special Beneficiaries as specified in Section 1 of our Report unless excluded.

Since, (a) the Trust holds the Acquired Shares in the Target Company acquired from the promoter of the Target Company, Mr. Shreekant Somany, and (b) the Trustees and Beneficiaries of the Trust are either the individual promoter or his immediate relatives or lineal descendants, therefore, the Trust appears to be the mirror image of the promoters' holdings in the Target Company and consequently, there is no change of ownership or control of the shares or voting rights in the Target Company.

- 2.2. Note to Section 1.3: We sought confirmation from the Trust's representatives and have been informed that the beneficial interest of the Beneficiaries of the Trust has not been transferred, assigned or encumbered in any manner including by way of pledge/mortgage. We have not come across any document which states to the contrary. Further, we observe that Schedule V of the Trust Deed also stipulates this restriction.
- 2.3. Note to Section 1.4: We observe that Schedule V of the Trust Deed stipulates this restriction. We sought confirmation from the Trust's representatives and have been informed that the Trustees of the Trust have not transferred or delegated any of their powers to any person. The Trustees have appointed Mr. Abhishek Somany as the Managing Trustee (from amongst themselves) in accordance with Clause 9(i) of the Trust Deed.

- 2.4. Note to Section 1.5: We sought confirmation from the Trust's representatives and have been informed that the composition of the Trust has not changed nor has any Trustee vacated his office, pursuant to the SEBI Order and the provisions of the Trust Deed. We have also not come across any document which states to the contrary.
- 2.5. Note to Section 1.6: Schedule V and certain other provisions of the Trust Deed makes noting of the various undertakings as set out in Section 1.6 above, as contemplated in the SEBI Circular.
- 2.6. Note to Section 1.7: From perusal of the demat statement as on February 21, 2020 (bearing Client ID: 74974283) and the shareholding pattern as maintained by Registrar and Transfer Agent (RTA) of the Target Company as on February 14, 2020 and March 31, 2020, we note that 1,00,80,055 (One Crore Eighty Thousand and Fifty Five) equity shares of the Target Company are held in the name of Trustee, Mr. Abhishek Somany on behalf of the Trust (i.e. bearing PAN AAXAS9604E). We also note that various disclosures have been made by the Trust and the Target Company pertaining to the aforesaid transfer of Acquired Shares by way of settlement in private family trust.
- 2.7. Note to Section 1.8: We have perused the shareholding patterns filed by the Target Company with the concerned stock exchanges for the 3 (three) years prior to the transfer of Acquired Shares to the Trust and we note that Mr. Shreekant Somany is disclosed as a promoter of the Target Company.
- 2.8. Note to Section 1.9: From perusal of the Trust Deed and information provided to us, we note that the Trustees and Beneficiaries are all individual members and members of Somany family and therefore in our view, there appears to be no layering in terms of Trustees / Beneficiaries of Trusts.
- 2.9. Note to Section 1.10: Schedule V of the Trust Deed specifically makes a noting that it does not contain any limitation of liability of the Trustees / Beneficiaries in relation to the provisions of the SEBI Act and all regulations framed thereunder.
- 2.10. Note to Section 1.11: The Trust has filed the disclosure report dated February 22, 2020 with SEBI and the Stock Exchanges through duly authorised Sumit Kochar, Advocate, in connection with the acquisition of the Acquired Shares by the Trust from the Promoter Mr. Shreekant Somany in the Target Company in off market transaction by way of settlement in private family trust undertaken on February 11, 2020.
- 2.11. Note to Section 1.12: We have perused the Trust Deed and have found no provision contrary to the above conditions and undertaking dated March 18, 2019 provided by the transferor, Mr. Shreekant Somany to SEBI. The same has been recognised in Schedule V of the Trust Deed.

3. Disclaimer

This Report has been prepared solely for the purpose set out pursuant to our job arrangement letter (JAL) signed with you and is not to be used for any other purpose other than as stipulated under the said JAL, without our prior written consent. We request you recognize that we are not the source of the data gathered and our reports are based on the information made available to us; therefore, we cannot guarantee the accuracy of information collected. Should additional information or documentation become available to us, which impacts the facts and observations mentioned in our Report, we reserve

the right to amend our Report accordingly. We expressly disclaim all responsibility or liability for any costs, damages, losses, liabilities, expenses incurred by anyone as a result of circulation, publication, reproduction or use of our Report contrary to the provisions of this paragraph. You will appreciate that due to factors beyond our control, it may be possible that we are unable to get all the necessary information. By reading the report, the reader of the Report shall be deemed to have accepted the terms mentioned herein.

Appendix-A
List of information and records/documents provided

1. Copy of Trust Deed dated November 4, 2019.
2. Copy of exemption application filed by the Trust under Regulation 11 of Takeover Regulations.
3. Copy of exemption order dated December 10, 2019 issued by SEBI to the Trust.
4. Copy of undertaking dated March 18, 2019 furnished by Trustees of the Trust.
5. Copy of independent auditor's report of the Trust for the financial year 2018-19.
6. Copy of disclosure dated February 12, 2020 under regulation 7(1)(b) of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 issued by the Trust to the Target Company i.e. Somany Ceramics Limited.
7. Copy of report dated February 22, 2020 filed by Sumit Kochar, Advocate, issued in accordance with the exemption order dated December 10, 2019.
8. Acknowledgement emails for filing of the report under point 7 above with the SEBI and the concerned stock exchanges.
9. Copy of PAN of the Trust.
10. Copy of report dated January 10, 2020 under Regulation 10(6) of the Takeovers Regulations filed with the stock exchanges by the promoters of the Target Company.
11. Copy of disclosure dated January 2, 2020 related to inter-se transfer of shares between the Promoters/ Promoters Group in accordance with Regulation 10(5) of Takeover Regulations.
12. Management certificate dated May 11, 2020 issued to M/s DSK Legal.
13. Copy of demat statement of the Trust (held by the Trustees on behalf of Trust).
14. Shareholding pattern of the Target Company as on:
 - (i) December 31, 2019
 - (ii) February 14, 2020
 - (iii) March 31, 2020