



HSIL Limited

CIN: L51433WB1960PLC024539

Registered Office: 2, Red Cross Place, Kolkata – 700 001, West Bengal, India

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E-mail: hsilinvestors@hsilgroup.com

Website: www.hsilgroup.com

NOTICE OF POSTAL BALLOT

(Pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014)

Dear Member(s),

NOTICE of postal ballot ("**Notice**") is hereby given pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, as amended (the "**Companies Act**"), read with Rules 20 and 22 of the Companies (Management and Administration) Rules 2014, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**"), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and other applicable laws and regulations, if any, and in accordance with the guidelines prescribed by the Ministry of Corporate Affairs ("**MCA**") for conducting postal ballot process through e-voting *vide* General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 02/2021 dated January 13, 2021, 10/2021 dated June 23, 2021 and 20/2021 dated December 8, 2021 ("**MCA Circulars**") in view of COVID-19 pandemic, that it is proposed to seek the consent of the shareholders ("**Members**") of the Company, for the resolutions appended herein below by way of postal ballot through electronic voting ("**E-voting**").

Pursuant to Sections 102, 108 and 110 of the Companies Act, the resolutions proposed to be passed by way of Postal Ballot and the Explanatory Statement setting out the material facts concerning the said resolutions and the reasons thereof, are annexed hereto for consideration of the Members.

In compliance with Regulation 44 of the SEBI Listing Regulations, as amended and pursuant to the provisions of Sections 108 and 110 of the Companies Act read with the corresponding rules and the MCA Circulars, the Company is sending this Notice in electronic form to all the Members who have registered their email addresses with the Company/Depositories/ Registrar & Share Transfer Agent ("**RTA**"). Physical copy of this Notice along with Postal Ballot forms and pre-paid business envelope will not be sent to the Members for this Postal Ballot since relaxed by MCA Circular No. 20/2021 dated December 8, 2021 in view of Covid-19 pandemic situation. The communication of assent / dissent of the Members will take place through the remote e-voting system only, in compliance with the MCA Circulars. The instructions for remote e-voting are appended to this Notice.

The Board of Directors of the Company, at its meeting held on Saturday, 15th January, 2022, has appointed Mr. Pravin Kumar Drolia, Company Secretary in Practice, Kolkata (FCS No. 2366, CP No. 1362), as the Scrutinizer for conducting the Postal Ballot by way of E-voting process in a fair and transparent manner. Members are requested to carefully read the instructions in this Notice and cast their vote electronically not later than 5:00 p.m. IST on *Thursday*, February 24, 2022, failing which it will be strictly considered that no reply has been received from the Member.

After completion of scrutiny of the votes, the Scrutinizer will submit his report to the Chairman of the Company or any other person authorized by the Chairman. The results of Postal Ballot shall be declared on or before Friday, February 25, 2022 and along with the Scrutinizer's report, be communicated to the stock exchanges, Central Depository Services (India) Limited (CDSL) and Company's RTA and will also be displayed on the Company's website www.hsilgroup.com

The proposed resolutions, if approved by the requisite majority, shall be deemed to have been passed on the last date of e-voting, i.e., February 24, 2022.

Resolution No. 1

Approval for sale and transfer of undertaking of the Company engaged in the business of manufacture of sanitaryware, faucets and plastic pipes (PVC and CPVC) and fittings, through its manufacturing plants, to Brilloca Limited

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (**“Act”**) read with the applicable rules framed thereunder, the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“Listing Regulations”**), and other applicable provisions of the Listing Regulations, if any, (including any statutory modification or re-enactment thereof for the time being in force), Memorandum and Articles of Association of the Company, subject to such approvals, consents, permissions and sanctions as may be required from the members and/or concerned statutory/regulatory authorities and subject to the terms and conditions as may be imposed by them, consent of the Members be and is hereby accorded to the Board of Directors (the **“Board”**, which expression shall include any committee thereof or any person(s) authorised by the Board of the Company to exercise the powers conferred on the Board of the Company by this resolution) to sell and transfer the business undertaking of the Company engaged in the business of manufacturing, on contract basis, of sanitaryware, faucets and plastic pipes (PVC and CPVC) and fittings, through its operating manufacturing plants, along with all the related assets and liabilities, including but not limited to the embedded goodwill, movable and immovable assets, employees, contracts (including lease deeds), intellectual property and other intangible assets, licenses, permits, consents, approvals, inventory and insurance policies (**“BPD Undertaking”**), as more particularly set out in the explanatory statement annexed hereto, as a going concern on a slump sale basis as defined in Section 2(42C) of the Income-tax Act, 1961, without values being assigned to the individual assets and liabilities, along with the goodwill associated with it, to Brilloca Limited, a company incorporated under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700 001 (**“Brilloca”**), by executing a business transfer agreement (**“BTA”**) and other ancillary agreements, for a lump sum consideration of INR 630,00,00,000 (Rupees Six Hundred Thirty Crores only), which consideration has been mutually negotiated between the Company and Brilloca based on the recommendations in the valuation report issued by Deloitte Touche Tohmatsu India LLP, an independent valuer, which purchase consideration is subject to certain customary closing date adjustments and payable in the manner as may be agreed between the Company and Brilloca and set out in the BTA, on such terms and conditions and with effect from such date, as may be approved by the Board (**“Proposed Transaction”**) in this regard.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board of the Company, be and is hereby authorised to do all things and to take all incidental and necessary steps for and on behalf of the Company and to take from time to time all decisions and steps necessary, expedient or proper, with respect to implementation of the above mentioned resolution (including finalising, settling and executing of such documents/writings/deeds/papers/agreements as may be necessary or incidental thereto, including assignment/conveyance/transfer documents, contracts, agreements and to seek their registration thereof with the concerned authorities, filing intimations with and/or obtaining approvals/consents with the concerned regulatory/statutory authorities, etc.) and also to take all other actions and decisions as it/ they may, in its/ their absolute discretion, deem appropriate and to deal with all questions or difficulties that may arise in the course of implementing the above resolution.

Resolution No. 2

Approval to undertake related party transactions in connection with the transfer of the undertaking of the Company engaged in the business of manufacture of sanitaryware, faucets and plastic pipes (PVC and CPVC) and fittings, through its manufacturing plants, to its related party, Brilloca Limited

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 (**“Act”**) and any other applicable provisions of the Act, read with Rule 15 of the Companies (Meeting of the Board and its Powers) Rules, 2014, and other applicable rules, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“SEBI Listing Regulations”**) (including any statutory modification(s) or re-enactment thereof for the time being in force), and the enabling provisions of the Memorandum and Articles of Association of the Company, the Company’s Policy on Related Party Transactions and approval of Audit Committee and Board of Directors, approval of the Members be and is hereby accorded for the Company to enter into material contract(s)/arrangement(s)/transaction(s) with Brilloca Limited (**“Brilloca”**), a related party as defined under the provisions of the Act and SEBI Listing Regulations, for **(a)** transfer and/or sale and/or disposal of the undertaking of the Company engaged in the business of manufacturing, on contract basis, of sanitaryware, faucets and plastic pipes (PVC and CPVC) and fittings, through its operating manufacturing plants, along with all

the related assets and liabilities, including but not limited to the embedded goodwill, movable and immovable assets, employees, contracts (including lease deeds), intellectual property and other intangible assets, licenses, permits, consents, approvals, inventory and insurance policies (“**BPD Undertaking**”) as more particularly set in the explanatory statement annexed hereto, as a going concern, on a slump sale basis as defined in Section 2(42C) of the Income-tax Act, 1961, without values being assigned to the individual assets and liabilities, along with the goodwill associated with it, to Brilloca Limited; and **(b)** providing on long-term lease from the Company (as the lessor) to Brilloca Limited (as the lessee), properties on which certain manufacturing units in relation to the BPD Undertaking are situated, on the terms and conditions as set out in the explanatory statement annexed hereto, provided that the said contract(s)/arrangement(s)/transaction(s) so carried out shall be at arm’s length basis.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as the “**Board**” which term shall include any committee constituted by the Board or any person(s) authorised by the Board to exercise the powers conferred on the Board by this resolution), be and is hereby authorised to do all things and to take all incidental and necessary steps for and on behalf of the Company and to take from time to time all decisions and steps necessary, expedient or proper, with respect to the implementation of the above mentioned resolution (including finalising, settling and executing of such documents / writings / deeds / papers / agreements as may be necessary or incidental thereto), and also to take all other decisions as it/ they may, in its/ their absolute decision, deem appropriate and to deal with all questions or difficulties that may arise in the course of implementing the above resolution.”

Resolution No. 3

Approval for recurring related party transactions for the FY 2022-23

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 (“**Act**”) and any other applicable provisions of the Act, read with Rule 15 of the Companies (Meeting of the Board and its Powers) Rules, 2014, and other applicable rules, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) (including any statutory modification(s) or re-enactment thereof for the time being in force), and the enabling provisions of the Memorandum and Articles of Association of the Company, the Company’s Policy on Related Party Transactions and approval of Audit Committee and Board of Directors and in furtherance of the proposed transfer of business undertaking of the Company engaged in the business of manufacturing, on a contract basis, of sanitaryware, faucets and plastic pipes (PVC and CPVC) and fittings, through its operating manufacturing plants, along with all the related assets and liabilities including but not limited to the embedded goodwill, movable and immovable assets, employees, contracts (including lease deeds), intellectual property and other intangible assets, licenses, permits, consents, approvals, inventory and insurance policies (“**BPD Undertaking**”) to Brilloca Limited, approval of the Members be and is hereby accorded for the Company to enter into material contract(s)/arrangement(s)/transaction(s) with Brilloca Limited, a related party as defined under the provisions of the Act and SEBI Listing Regulations on such terms and conditions as the Board of Directors may deem fit during the financial year 2022-23, for the purposes and as per the details as set out in the explanatory statement annexed hereto, provided that the said contract(s)/arrangement(s)/transaction(s) so carried out shall be in the ordinary course of business of the Company and at arm’s length basis.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as the “**Board**” which term shall include any committee constituted by the Board or any person(s) authorised by the Board to exercise the powers conferred on the Board by this resolution), be and is hereby authorised to do all things and to take all incidental and necessary steps for and on behalf of the Company and to take from time to time all decisions and steps necessary, expedient or proper, with respect to the implementation of the above mentioned resolution (including finalising, settling and executing of such documents / writings / deeds / papers / agreements as may be necessary or incidental thereto), and also to take all other decisions as it/ they may, in its/ their absolute decision, deem appropriate and to deal with all questions or difficulties that may arise in the course of implementing the above resolutions.”

By Order of the Board of Directors
For HSIL Limited

Pulkit Bhasin
Company Secretary
Membership No. A27686

Place: Gurugram
Date: January 15, 2022

Notes:

1. The statement as required under Section 102 of the Companies Act is appended to this Notice.
2. The Notice is being sent to all the Members, by e-mail, whose names appear in the Register of Members/List of Beneficial Owners as received from the National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”) as on January 21, 2022 (“Cut-off date”) and who have registered their email addresses with the Company or depository through the respective depository participants. A person who is not a Member as on the Cut-off date shall treat this Notice for information purpose only.
3. The Notice is also available on the Company's website i.e. www.hsilgroup.com
4. The Members who have not yet registered their email address are requested to get their email address registered and cast their votes through e-voting, in accordance with the procedure set out below:
 - a) Members who have not registered their email address and in consequence could not receive the e-voting notice may temporarily get their email registered, by visiting the website <http://www.mdpl.in> and following the registration process as guided thereafter. Post successful registration of the email address, the Member would get soft copy of the Notice and the procedure for e-voting along with the User ID and the password to enable e-voting for this postal ballot. In case of any queries, the Member may write to RTA of the Company at mdpldc@yahoo.com
 - b) Please note that for permanent registration of email address, Members shall register their email address, in respect of electronic holdings with their concerned depository participants by following due procedure. Kindly note that steps taken by Members in respect of physical holdings as enunciated in point 4(a) above shall be sufficient for permanent registration of their email address.
 - c) Members who have already registered their email address are requested to keep their email address validated with their depository participants / the Company's RTA, receiving future communications in electronic form to their email address.
5. A person whose name appears in the Register of Members / List of Beneficial Owners as on the Cut-off date shall be entitled to vote on the resolutions set forth in the Notice. Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the Members / Beneficial Owners as on the Cut-off date.
6. The voting/e-voting period commences on Wednesday, January 26, 2022 (9:00 a.m. IST) and ends on Thursday, February 24, 2022 (5:00 p.m. IST). During this period, members of the Company holding equity shares either in physical form or in dematerialized form, as on the Cut-off date may cast their vote electronically.
7. All the relevant documents, if any, referred to in the explanatory statement will be posted on the website of the Company for online inspection by the members till Thursday, February 24, 2022.
8. Pursuant to the rules framed under the Companies Act read with the MCA Circulars, the details pertaining to this postal ballot will be published in one English national daily newspaper circulating throughout India and one Bengali daily newspaper circulating in Kolkata.
9. Resolutions passed by the members through Postal Ballot are deemed to have been passed effectively at a general meeting on the last date specified for e-voting i.e. Thursday, February 24, 2022.

Procedure For E-Voting

1. Pursuant to the provisions of Section 108 of the Companies Act read with Rule 20 of the Companies (Management and Administration) Rules, 2015, as amended, and Regulation 44 of the SEBI Listing Regulations read with SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020 on e-voting facility provided by listed companies, the Company is pleased to provide e-voting facility to its Members, to exercise their right to vote on the proposed resolutions by electronic means.
2. The Company has engaged the services of CDSL as the Authorised Agency to provide e-voting facilities.
3. The remote e-voting facility will be available during the following voting period after which the portal will be blocked and shall not be available for e-voting:

Commencement of e-voting From 9:00 a.m. (IST) on Wednesday, January 26, 2022

End of e-voting Upto 5:00 p.m. (IST) on Thursday, February 24, 2022.

Procedure to Login Through Websites of Depositories

Type of shareholders	Login Method
<p>Individual Shareholders holding shares in demat mode with CDSL</p>	<p>A. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.</p> <p>B. After successful login the Easi/Easiest user will be able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider (“ESP”) for casting his/her vote during the remote e-voting period. Additionally, there are also links provided to access the system of all ESPs i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the websites of ESPs directly.</p> <p>C. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Proceed to complete registration using your DP ID-Client ID etc. After successful registration, please follow steps given above to cast your vote.</p> <p>D. Alternatively, the users may directly access the e-Voting module of CDSL as per the following procedure:</p> <p>(i) Click the on link www.cdslindia.com or on https://evoting.cdslindia.com/Evoting/EvotingLogin</p> <p>(ii) Provide demat account number and PAN.</p> <p>(iii) The system will authenticate the user by sending an OTP on registered mobile number and e-mail id as recorded in the demat account.</p> <p>(iv) After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also to directly access the system of all ESPs.</p>
<p>Individual Shareholders holding shares in demat mode with NSDL</p>	<p>A. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on “Access to e-Voting” under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period.</p> <p>B. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp.</p> <p>C. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP, and a verification code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to website of e-voting service provider for casting your vote during the remote e-voting period.</p>

Individual Shareholders (holding shares in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to the website of e-voting service provider for casting your vote during the remote e-voting period.
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Important note: Shareholders who are unable to retrieve User ID/ Password are advised to use “Forget User ID” and “Forget Password” option available at abovementioned websites.

Dedicated helpdesk for individual shareholders holding shares in demat mode for any technical issues:

Login type	Helpdesk details
Individual Shareholders holding shares in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542-43.
Individual Shareholders holding shares in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call on toll free no.: 1800 1020 990 and 1800 22 44 30.

Information and instructions for e-voting by (i) shareholders other than individuals holding shares of the company in demat mode and (ii) all shareholders holding shares of the company in physical mode.

- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on “Shareholders” module.
- Now enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - Shareholders holding shares in physical form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	For physical shareholders and other than individual shareholders holding shares in demat form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders, if any) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field.

- After entering these details appropriately, click on “SUBMIT” tab.

8. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (i) For shareholders holding shares in physical form the details can be used only for e-voting on the resolutions contained in this Notice.
 - (ii) Click on the EVSN for "HSIL Limited" to vote.
 - (iii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (iv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - (v) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (vi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (vii) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.
 - (viii) If a demat account holder has forgotten the login password, then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

Process for those shareholders whose email addresses and mobile numbers are not registered with the company/depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:

1. For physical shareholders - Please provide necessary details like folio no., name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card), mobile number by email to Registrar and Share Transfer Agent of the Company at mdpldc@yahoo.com
2. For demat shareholders - Shareholders shall update their e-mail addresses and mobile numbers in respect of electronic holdings with their concerned depository participants by following due procedure as advised by them.

Note for Non – Individual Members and Custodians

1. Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
2. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
3. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
4. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their votes.
5. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
6. Non-Individual Members are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at the email address droliapravin@yahoo.co.in and to the Company at the email address hsilinvestors@hsilgroup.com, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the Scrutinizer to verify the same.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT 2013
READ WITH THE RELEVANT RULES**

The following Explanatory Statement is furnished in respect of Special Business of the Postal Ballot Notice:

Item No. 1

As the Members are already aware, the Company is primarily engaged in **(a)** manufacturing and supply of Packaging Products like glass bottles, PET bottles, security caps and closures ("**Packaging Products Division Undertaking**" or "**PPD Undertaking**"); and **(b)** manufacturing, on contract basis, of Building Products like sanitaryware, faucets, UPVC and CPVC pipes, fittings, etc., i.e., the BPD Undertaking (*as defined below*).

Both the above undertakings have varied contribution to the Company and have different business dynamics. The PPD Undertaking contributes to around 65% of the topline of the Company whereas the BPD Undertaking contributes to around 35% and also the growth opportunities, both in terms of revenues and margins, are higher for the PPD Undertaking. Further, the BPD Undertaking is primarily dependent for its growth on Brilloca Limited and therefore it is prudent for the Company to transfer its BPD Undertaking to Brilloca Limited at fair value. This will enable the Company to:

- (a) focus more on the expansion of the business of the PPD Undertaking, given there are significant organic and inorganic growth opportunities in this segment;
- (b) reduce its borrowings by monetization of the BPD Undertaking, strengthening its financial position for pursuing growth opportunities in the PPD Undertaking, and thereby unlocking value for the shareholders of HSIL; and
- (c) minimise related party transactions between HSIL and Brilloca to a large extent, under applicable laws, thereby optimising time and resources spent on the same.

In light of the above, the Board, in its meeting held on January 15, 2022, has approved, subject to approval of the shareholders, the transfer and/ or sale and/ or disposal of the business undertaking of the Company engaged in the business of manufacturing, on contract basis of sanitaryware, faucets and plastic pipes (PVC and CPVC) and fittings, through its operating manufacturing plants, along with all the related assets and liabilities including but not limited to the embedded goodwill, movable and immovable assets, employees, contracts (including lease deeds), intellectual property, licenses, permits, consents, approvals, inventory and insurance policies ("**BPD Undertaking**"), to Brilloca Limited, a company incorporated under the Companies Act, 2013 having its registered office at 2, Red Cross Place, Kolkata, West Bengal 700001 ("**Brilloca**"), for a lump sum consideration of INR 630,00,00,000 (Rupees Six Hundred Thirty Crores only) which amount has been mutually negotiated between the Company and Brilloca (based on the recommendations in the valuation report issued by an independent valuer). The aforementioned purchase consideration is subject to certain customary closing date adjustments to be set out in the business transfer agreement to be executed between the Company and Brilloca ("**BTA**") and payable in the manner as may be agreed between the Company and Brilloca in the BTA. The BPD Undertaking is being transferred on a going concern basis by way of a slump sale, without values being assigned to the individual assets and liabilities, in accordance with the provisions of Section 50B read with Section 2(42C) of the Income-Tax Act, 1961, and on such other terms and conditions and with such modifications as may be required by any of the concerned authorities or as the Board may deem fit and appropriate in the interest of the Company ("**Proposed Transaction**").

The BPD Undertaking, among other things, will include the following assets:

- (a) plant & machinery and other assets relating to sanitaryware manufacturing plant at Bahadurgarh, in the State of Haryana,
- (b) plant & machinery and other assets relating to pipes and fittings manufacturing plant at Isnapur, in the State of Telangana,
- (c) land admeasuring 59.50 acres, along with the building and plant & machinery situated thereon, for the sanitaryware manufacturing plant at Bibinagar, in the State of Telangana, and
- (d) leasehold land, along with the building, plant & machinery situated thereon and other assets relating to faucet manufacturing plant, at Kaharani, in the State of Rajasthan.

The BPD Undertaking excludes, **(a)** the land (and the buildings thereon) underlying the sanitaryware manufacturing plant at Bahadurgarh, in the State of Haryana, **(b)** the land (and the buildings thereon) underlying the pipes and fittings manufacturing plant at Isnapur, in the State of Telangana, **(c)** approximately 22 acres of

vacant land situated at Bibinagar, in the State of Telangana; **(d)** the other undertakings and the remaining businesses of the Company, other than the BPD Undertaking.

Further, the faucet manufacturing plant of HSIL, situated at Plot No. G-470-471, RIICO Industrial Area, Bhiwadi, District Alwar in the State of Rajasthan, which has been shut down since the year 2014, will not be transferred to Brilloca as a part of the BPD Undertaking.

The Proposed Transaction is being undertaken at arm's length basis and the amount of Purchase Consideration has been mutually negotiated between the Company and Brilloca based on the recommendations of business valuation of the BPD Undertaking in the valuation report issued by Deloitte Touche Tohmatsu India LLP, an independent valuer. The other terms and conditions subject to which such transfer shall take place shall be detailed in the business transfer agreement to be executed between the Company and Brilloca.

Section 180(1)(a) of the Companies Act, 2013 ("**Act**"), read with other applicable provisions of the Act, provides that the Board shall not, except with the consent of the Members by way of a special resolution through postal ballot, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the company, or, where the company owns more than one undertaking, the whole or substantially the whole of such undertakings. Further, explanation (i) to Section 180(1)(a) of the Act, provides that the expression 'undertaking' for the purposes of Section 180(1)(a) of the Act shall mean an undertaking in which the investment of the company exceeds 20% (twenty percent) of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates 20% of the total income of the company during the previous financial year. Since the proposed transfer of the BPD Undertaking exceeds the specified limits mentioned above, the resolution in the accompanying Notice is proposed for the purpose of seeking approval of the members through a special resolution.

Except Mr. Sandip Somany and Mr. Girdhari Lal Sultania, being common directors in both, the Company and Brilloca, and their respective relatives, none of the other Directors and/or Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise in the said resolution.

The Board recommends the passing of special resolution specified in Resolution No. 1 of the Notice for the approval of the members.

Item No. 2

The aforesaid proposal to transfer the BPD Undertaking (*as defined in Item No. 1 above*) to Brilloca Limited ("**Brilloca**") as a going concern on a 'slump sale basis' will qualify as a material related party transaction as the amount involved exceeds the limits prescribed in Section 188 of the Companies Act, 2013 ("**Act**") and Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), and which is not in the ordinary course of business and, therefore, needs to be approved by the shareholders of the Company.

Further, as a part of the Proposed Transaction, the plant and machinery and other assets of the Company situated at **(a)** Isnapur, Telangana (on which pipes and fittings manufacturing plant is situated); and **(b)** Bahadurgarh, Haryana (on which sanitaryware manufacturing plant is situated), which are used by the Company in relation to the BPD Undertaking, are being transferred to Brilloca, as a part of the BPD Undertaking. However, for commercial considerations, the land (and buildings constructed thereon) underlying the pipes and fittings manufacturing plant at Isnapur, Telangana ("**Isnapur Land and Buildings**") and the land (and buildings constructed thereon) underlying the sanitaryware manufacturing plant at Bahadurgarh, Haryana ("**Bahadurgarh Land and Buildings**") are being retained in the Company and are not being transferred to Brilloca as a part of the BPD Undertaking. Accordingly, as a part of the business transfer agreement to be executed between the Company and Brilloca for undertaking the Proposed Transaction ("**BTA**"), the Company is required to execute long-term lease deeds, leasing the Isnapur Land and Buildings and Bahadurgarh Land and Buildings to Brilloca, and the same will qualify as a related party transaction as the amount involved exceeds the limits prescribed in the Act and SEBI Listing Regulations. Accordingly, approval of the members is sought to undertake the following related party transactions:

- (a) Approval for sale and transfer of the BPD Undertaking of the Company to Brilloca, as a related party transaction, under the provisions of the Act and SEBI Listing Regulations; and
- (b) Approval for the execution of long-term lease deeds with Brilloca, for leasing the Isnapur Land and Buildings and Bahadurgarh Land and Buildings to Brilloca, as a related party transaction, under the provisions of the Act and SEBI Listing Regulations.

The Board of Directors in its meeting held on January 15, 2022 considered and approved the aforesaid related party transactions pursuant to the approval of the Audit Committee in its meeting held on January 15, 2022.

The aforesaid related party transactions will be in conformity with all the applicable laws and regulations. The Company will be executing the relevant ancillary, incidental and related documents, agreements, letters, deeds, papers etc. necessary to give effect to the said related party transactions.

Pursuant to Rule 15 of the Companies (Meeting of Boards and its Powers) Rules, 2014, as amended till date, particulars of the proposed transfer of the BPD Undertaking to Brilloca are as follows:

Sl. No.	Particulars	Details
1.	Name of the Related Party	Brilloca Limited (" Brilloca ")
2.	Name of the director or key managerial personnel who is related, if any	Mr. Sandip Somany Mr. Girdhari Lal Sultania
3.	Nature of relationship	Brilloca Limited is a wholly owned subsidiary of Somany Home Innovation Limited (" SHIL "). SHIL and the Company also have common directors and holding along with their relatives more than 2% of the paid-up share capital of the Company. Brilloca, being wholly owned subsidiary of SHIL, is a related party of the Company.
4.	Nature, material terms, monetary value and particulars of the contracts or arrangements	The Proposed Transaction involves transfer and/or sale and/or disposal of the undertaking of the Company engaged in manufacturing of sanitaryware, faucets and plastic pipes (PVC and CPVC) and fittings, through its operating manufacturing plants, along with all the related assets and liabilities including but not limited to the embedded goodwill, movable and immovable assets, employees, contracts (including lease deeds), intellectual property and other intangible assets, licenses, permits, consents, approvals, inventory and insurance policies (" BPD Undertaking "), which , among other things, will include the following assets: (a) plant & machinery and other assets relating to sanitaryware manufacturing plant at Bahadurgarh, in the State of Haryana, (b) plant & machinery and other assets relating to pipes and fittings manufacturing plant at Isnapur, in the State of Telangana, (c) land admeasuring 59.50 acres, along with the building and plant & machinery situated thereon, for the sanitaryware manufacturing plant at Bibinagar, in the State of Telangana, and (d) leasehold land, along with the building, plant & machinery situated thereon and other assets relating to faucet manufacturing plant, at Kaharani, in the State of Rajasthan and will exclude (a) the land (and the buildings constructed thereon) underlying the sanitaryware manufacturing plant at Bahadurgarh, in the State of Haryana, (b) the land (and the buildings constructed thereon) underlying the pipes and fittings manufacturing plant at Isnapur, in the State of Telangana, (c) approximately 22 acres of vacant land situated at Bibinagar, in the State of Telangana; (d) the other undertakings and the remaining businesses of the Company, other than the BPD Undertaking, to be set in more detail in the business transfer agreement (" BTA "), as a going concern on a 'slump sale basis' by the Company to Brilloca Limited, which is a related party, for a lump sum consideration of INR 630,00,00,000.00 (Rupees Six Hundred Thirty Crore only) and payable in accordance with the terms of the BTA which consideration has been mutually negotiated between the Company and Brilloca based on the recommendations in the valuation report issued by Deloitte Touche Tohmatsu India LLP, an independent valuer, which purchase consideration is subject to certain customary closing date adjustments and payable in the manner as may be agreed between the Company and Brilloca and set out in the BTA, on such terms and conditions and with effect from such date, as may be approved by the Board (" Purchase Consideration ").

5.	Any other information relevant or important for the members to take a decision on the proposed resolution	The transaction will be at arm's length basis and the Purchase Consideration has been mutually negotiated between the parties in line with the recommendations contained in the valuation report obtained from Deloitte Touche Tohmatsu India LLP, an independent valuer.
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Pursuant to Rule 15 of the Companies (Meeting of Boards and its Powers) Rules, 2014, as amended till date, particulars of the lease proposed to be entered into by the Company and Brilloca in respect of the Isnapur Land and Bahadurgarh Land are as follows:

Sl. No.	Particulars	Details
1.	Name of the Related Party	Brilloca Limited (" Brilloca ")
2.	Name of the director or key managerial personnel who is related, if any	Mr. Sandip Somany Mr. Girdhari Lal Sultania
3.	Nature of relationship	Brilloca Limited is a wholly owned subsidiary of Somany Home Innovation Limited (" SHIL "). SHIL and the Company also have common directors and holding along with their relatives more than 2% of the paid-up share capital of the Company. Brilloca, being wholly owned subsidiary of SHIL, is a related party of the Company.
4.	Nature, material terms, monetary value and particulars of the contracts or arrangements	<u>Lease Deed for the Isnapur Land and Buildings</u> The transaction involves long-term leasing of the land and buildings owned by the Company, situated at Isnapur, Telangana, on which the pipes and fittings manufacturing plant is situated, to Brilloca, at the rentals set out in the tabulation below. The lease will be for an initial period of 9 years and 11 months, extendable by the parties for further periods, on such terms and conditions, as may be mutually agreed between the Company and Brilloca. <u>Lease Deed for the Bahadurgarh Land and Buildings</u> The transaction involves long-term leasing of the land and buildings owned by the Company, situated at Bahadurgarh, State of Haryana, on which the sanitaryware manufacturing plant is situated, to Brilloca, at the rentals set out in the tabulation below. The lease will be for an initial period of 9 years and 11 months, extendable by the parties for further periods, on such terms and conditions, as may be mutually agreed between the Company and Brilloca.
5.	Any other information relevant or important for the members to take a decision on the proposed resolution	In case of sale of underlying land and buildings by HSIL, during the term of the respective leases, Brilloca will have the first right of refusal to acquire such lands from HSIL. The transactions will be at arm's length basis. To ensure that the fair market values are evaluated in a transparent manner, Deloitte Haskins & Sells LLP was appointed to carry out independent studies and basis the same the lease rentals and annual escalations have been worked out in the respective lease agreements.

The rents payable for the aforementioned lease will be as follows:

Sl. No.	Particulars	Lands and Buildings situated at			
		Bahadurgarh, Haryana (Sanitaryware manufacturing plant)		Isnapur, Telangana (Pipes and fittings manufacturing plant)	
		Year	Annual Rent (in INR)	Year	Annual Rent (in INR)
2.	Lease Rental and Escalation Schedule for period of 9 years and 11 months	1	7,48,97,122	1	8,43,58,958
		2	7,48,97,122	2	8,43,58,958
		3	7,48,97,122	3	8,43,58,958
		4	8,05,14,406	4	9,06,85,880
		5	8,05,14,406	5	9,06,85,880
		6	8,05,14,406	6	9,06,85,880
		7	8,65,52,986	7	9,74,87,321
		8	8,65,52,986	8	9,74,87,321
		9	8,65,52,986	9	9,74,87,321
		10 (11 months)	8,52,90,755	10 (11 months)	9,60,65,631

No member of the Company, who is considered as a related party within the definition of "Related party" as per SEBI Listing Regulations, for the purpose of this transaction, shall vote to approve the resolution.

Except Mr. Sandip Somany and Mr. Girdhari Lal Sultania, being common directors in both, the Company and Brilloca, and their respective relatives, none of the Directors and/or Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise in the said resolution.

The Board recommends the passing of ordinary resolution specified in Resolution No. 2 of the Notice for the approval of the members.

Item No. 3

As the Members are already aware, the Company *inter alia* supplies various products manufactured by it to Brilloca Limited ("**Brilloca**"), a related party of the Company, for further marketing and selling by Brilloca and in this regard, the Company is required to enter into various recurring transactions with Brilloca during the FY 2022-23.

The Securities and Exchange Board of India ("**SEBI**") vide its notification dated 9th November, 2021 has notified SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 and pursuant to the provisions of Regulation 23 of the amended SEBI Listing Regulations, all material related party transactions shall require prior approval of shareholders through ordinary resolution w.e.f. 1st April, 2022, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed Rs.1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. During the FY 2022-23, the total value of the recurring related party transaction(s) with Brilloca is likely to exceed the said threshold limit as prescribed in the amended SEBI Listing Regulations.

In the event the transaction related to sale and transfer of BPD Undertaking to Brilloca is not consummated for any reason whatsoever, the approval for the aforesaid recurring material related party transactions shall remain valid for the entire FY 2022-23. Provided that, in the event the slump sale of the BPD Undertaking to Brilloca Limited is consummated as detailed in Item No. 1 of this Postal Ballot Notice herein above, then, even after effectiveness of the slump sale of the BPD Undertaking to Brilloca, while the supply by the BPD Undertaking will cease to take place on the closing date pursuant to the business transfer agreement to be executed between the Company and Brilloca, it is envisaged that, for a period of time after the closing date, the Company may have to continue to engage in certain sale transactions with Brilloca, to give effect to the slump sale. Accordingly, approval of the shareholders is also being sought for such related party transactions to be undertaken between the Company and Brilloca, in FY 2022-23, after the consummation of the slump sale of the BPD Undertaking to Brilloca.

Further, even after the consummation of the slump sale of the BPD Undertaking to Brilloca, certain related party transactions between the Company and Brilloca will continue to remain in force during the entire FY 2022-23.

In view of the above and pursuant to the provisions of the amended SEBI Listing Regulations, the recurring material related party transactions shall require prior approval of the shareholders by way of an ordinary resolution for the FY 2022-23.

The Audit Committee and Board of Directors in their respective meetings held on 15th January, 2022 approved proposed related party transactions with Brilloca in accordance with the Company's policy on Related Party Transactions. Hence, approval of the shareholders is being sought for the said related party transaction(s) proposed to be entered into by the Company with Brilloca during the FY 2022-23.

Pursuant to Rule 15 of the Companies (Meeting of Boards and its Powers) Rules, 2014, as amended till date, particulars of the proposed transfer of the BPD Undertaking to Brilloca are as follows:

Sl. No.	Particulars	Details
1.	Name of the Related Party	Brilloca Limited (" Brilloca ")
2.	Name of the director or key managerial personnel who is related, if any	Mr. Sandip Somany Mr. Girdhari Lal Sultania
3.	Nature of relationship	Brilloca Limited is a wholly owned subsidiary of Somany Home Innovation Limited (" SHIL "). SHIL and the Company also have common directors and holding along with their relatives more than 2% of the paid-up share capital of the Company. Brilloca, being wholly owned subsidiary of SHIL, is a related party of the Company.
4.	Nature, material terms, monetary value and particulars of the contracts or arrangements	<p>A. Related party transactions if the slump sale is not consummated:</p> <ol style="list-style-type: none"> 1. Monetary value of proposed sale and purchase of goods during financial year 2022-23 shall not exceed Rs.1850 Crore. 2. Monetary value of the proposed availing and rendering of services during financial year 2022-23 shall not exceed Rs.50 Crore. 3. Rent of Premises (excluding the lands and buildings in Bahadurgarh, State of Haryana (sanitaryware plant) and Isnapur, State of Telangana (pipes plant) during the financial year 2022-23 shall not exceed Rs.20 Crore. 4. Monetary value of proposed sale and purchase of assets during shall not exceed Rs.1 Crore for the financial year 2022-23. 5. Receiving of business advances for an amount not exceeding Rs.75 Crore at the prevailing interest rates during the FY 2022-23. <p>B. In the event that the slump sale of the BPD Undertaking is consummated, then the limits mentioned above will apply proportionately for all related party transactions to be undertaken between the Company and Brilloca in FY 2022-23, in relation to the BPD Undertaking, which may be required for giving effect to the slump sale.</p>

		<p>C. Related party transactions to be undertaken in FY 2022-23, irrespective of the sale and transfer of BPD Undertaking to Brilloca</p> <ol style="list-style-type: none"> 1. Monetary value of proposed sale and purchase of goods during financial year 2022-23 shall not exceed Rs.250 Crore. 2. Monetary value of the proposed availing and rendering of services during financial year 2022-23 shall not exceed Rs.30 Crore. 3. Rent of Premises (excluding the lands and buildings in Bahadurgarh, State of Haryana (sanitaryware plant) and Isnapur, State of Telangana (pipes plant) during financial year 2022-23 shall not exceed Rs.10 Crore. 4. Monetary value of proposed sale and purchase of assets during shall not exceed Rs.1 Crore for the financial year 2022-23. 5. Reimbursement to and from Brilloca Limited of miscellaneous expenses, shall be done on actual cost basis during the FY 2022-23. 6. Receiving of business advances for an amount not exceeding Rs.50 Crore at the prevailing interest rates during the FY 2022-23.
5.	Any other information relevant or important for the members to take a decision on the proposed resolution	The transactions will be at arm's length basis and in the ordinary course of business.

No member of the Company, who is considered as a related party within the definition of "Related party" as per SEBI Listing Regulations for the purpose of this transaction, shall vote to approve the resolution.

Except Mr. Sandip Somany and Mr. Girdhari Lal Sultania, being common directors in both, the Company and Brilloca, and their respective relatives, none of the Directors and/or Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise in the said resolution.

The Board recommends the passing of ordinary resolution specified in Resolution No. 3 of the Notice for the approval of the members.

By Order of the Board of Directors
For HSIL Limited

Place: Gurugram
Date: January 15, 2022

Pulkit Bhasin
Company Secretary
Membership No. A27686