

HZL/2023-SECY/

February 21, 2023

BSE Limited  
P.J. Towers, Dalal Street,  
Mumbai - 400001

Kind Attn: - General Manager,  
Dept. of Corporate Services

**Scrip Code: 500188**

National Stock Exchange of (India) Ltd.  
“Exchange Plaza”  
Bandra-Kurla Complex,  
Mumbai – 400051  
Kind Attn:- Head - Listing & Corporate  
Communications

**Trading Symbol: HINDZINC-EQ**

**Sub: - Notice convening the meeting of the equity shareholders of the Company scheduled to be held on Wednesday, March 29, 2023, through Video Conferencing/ Other Audio-Visual Means, pursuant to the Order dated February 6, 2023, passed by the Hon’ble National Company Law Tribunal, Jaipur Bench, in the matter of proposed Scheme of Arrangement between Hindustan Zinc Limited (“Company”) and its shareholders**

Dear Sir/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), we wish to inform you that, pursuant to the Order dated February 06, 2023, passed by the Hon’ble National Company Law Tribunal, Jaipur Bench (“Tribunal”) (“Order”) in the matter of Scheme of Arrangement between the Company and its shareholders under Section 230 and other applicable provisions of the Companies Act, 2013 (“Act”) (“Scheme”), a meeting of the equity shareholders of the Company is scheduled to be held on Wednesday, March 29, 2023 at 12.00 Noon (IST) through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) (“Meeting”).

In this regard, please find enclosed herewith the Notice convening the Meeting, copy of the Scheme, Statement under Section 230 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 along with all annexures to Statement (“Notice”) is being sent through: (i) electronic mail to those equity shareholders whose email addresses are registered with the Company/ Depositories/ Registrar and Transfer Agent (“RTA”) of the Company; and (ii) courier/ post to those equity shareholders at their addresses registered with the Company whose email addresses are not available with the Company/ Depositories/ RTA .

In terms of the directions of the Tribunal given under the Order and Regulation 44 of the SEBI Listing Regulations read with Section 108 of the Act and Rule 20 of the Companies (Management & Administration) Rules, 2014 as amended from time to time, the Company is providing facility to its equity shareholders to exercise their right to vote on resolution proposed in the Notice to be passed at the Meeting by electronic means. The equity shareholders of the Company shall have the facility and option of voting on the resolution proposed in the Notice by casting their votes through: (a) e-voting system

## **Hindustan Zinc Limited**

Registered Office: Yashad Bhawan, Udaipur (Rajasthan) - 313 004  
Tel.: (91-294)6604000-02, Fax: (91-294) 2427739  
CIN: L27204RJ1966PLC001208, [www.hzindia.com](http://www.hzindia.com)

available at the Meeting to be held virtually (“**e-voting at the Meeting**”); or (b) by remote electronic voting (“**remote e-voting**”). The cut-off date for e-voting and time period for the remote e-voting of the aforesaid Meeting is as under:

Sr. No	Event	Day, Date & Details	Time
1	Cut-off date for e-voting	Wednesday, March 22, 2023	-
2	Remote e-voting start date and time	Friday, March 24, 2023	10:00 A.M. (IST)
3	Remote e-voting end date and time	Tuesday, March 28, 2023	5.00. P.M. (IST)
4	E-voting Website	<a href="http://www.evoting.nsdl.com">www.evoting.nsdl.com</a>	-

The aforementioned Notice is also available on the website of the Company at [www.hzindia.com](http://www.hzindia.com).

The procedure and instructions for joining the Meeting through VC/ OAVM and the manner of casting vote through remote e-voting or through e-voting at the Meeting are outlined in the Notes set out in the Notice.

Kindly take the above on record.

Thanking You,

Yours Faithfully,

For **Hindustan Zinc Limited**

(R Pandwal)  
Company Secretary

Encl: As above

Copy to:

**National Securities Depository Ltd.**

Trade World, A Wing, 4th & 5th Floors,  
Kamala Mills Compound,  
Lower Parel, Mumbai – 13

**Central Depository Services (India) Limited**

Marathon Futurex, A-Wing,  
25th Floor, NM Joshi Marg,  
Lower Parel, Mumbai – 13

**Hindustan Zinc Limited**

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**HINDUSTAN ZINC LIMITED**

**CIN: L27204RJ1966PLC001208**

**Registered Office:** Yashad Bhavan, Yashadgarh, Udaipur- 313004,  
Rajasthan, India

**Phone: +91 294 6604000-02, Fax: +91 294 2427734**

**Email: [dhruvika.jain@vedanta.co.in](mailto:dhruvika.jain@vedanta.co.in) | Website: [www.hzindia.com](http://www.hzindia.com)**

**NOTICE CONVENING MEETING OF EQUITY SHAREHOLDERS OF  
HINDUSTAN ZINC LIMITED PURSUANT TO ORDER DATED FEBRUARY 6, 2023 OF  
THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, JAIPUR BENCH**

MEETING	
Day	Wednesday
Date	March 29, 2023
Time	12:00 Noon (IST)
Mode of meeting	As per the directions of the Hon'ble National Company Law Tribunal, Jaipur Bench, the meeting shall be conducted through Video Conferencing/ Other Audio-Visual Means
Cut-off date for e-voting	Wednesday, March 22, 2023
Remote e-voting start date and time	Friday, March 24, 2023 at 10:00 A.M. (IST)
Remote e-voting end date and time	Tuesday, March 28, 2023 at 5.00. P.M. (IST)
E-voting at the Meeting	As per the instructions provided in the notice

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11.	<b>Annexure IX</b> Report of the Board of Directors of the Company, pursuant to Section 232(2)(c) of the Act	93
12.	<b>Annexure X</b> Certificate dated February 18, 2022 issued by M/s S. R. Batliboi & Co LLP, Chartered Accountants, Statutory Auditors of the Company confirming that the accounting treatment in the Scheme, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under and the applicable accounting standards prescribed under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other generally accepted accounting principles	95

**The Notice of the Meeting, Statement under Section 230 read with Section 102 and other applicable provisions of the Act and Rule 6 of the CAA Rules and Annexure I to Annexure X should be read together.**

## FORM NO. CAA. 2

[Pursuant to Section 230 (3) of the Companies Act, 2013 and Rule 6 and 7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]]

IN THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, JAIPUR BENCH

CA(CAA) No. 10/230-232/JPR/2022

IN THE MATTER OF SECTION 230  
AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF THE SCHEME OF ARRANGEMENT BETWEEN HINDUSTAN ZINC LIMITED  
AND ITS SHAREHOLDERS

Hindustan Zinc Limited, a Company )  
incorporated under the Companies Act, 1956 )  
having Corporate Identity Number: )  
L27204RJ1966PLC001208 and having its )  
registered office at Yashad Bhavan, )  
Yashadgarh, Udaipur- 313004, Rajasthan, India )  
.... Company / Applicant Company

**NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF HINDUSTAN ZINC LIMITED**

To,

**All the Equity Shareholders of Hindustan Zinc Limited**

1. Pursuant to the directions of the Hon'ble National Company Law Tribunal, Jaipur Bench ("**Tribunal**") vide its order dated February 6, 2023 ("**Tribunal Order**"), the Company is directed to convene and hold a meeting of its equity shareholders for the purpose of their considering, and if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between Hindustan Zinc Limited ("**Company**") and its shareholders ("**Scheme**"), within 60 days from the date of the Tribunal Order. Therefore, notice is hereby given that, a meeting of the equity shareholders of the Company for the purpose of their considering, and if thought fit, approving, with or without modification(s), the proposed Scheme, will be held on Wednesday, March 29, 2023 at 12:00 Noon (IST).
2. Pursuant to the said Tribunal Order and as directed therein, the meeting of the equity shareholders of the Company ("**Meeting**") will be held through video conferencing ("**VC**") / other audio visual means ("**OAVM**"), in compliance with the applicable provisions of the Companies Act, 2013 ("**Act**") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") to consider, and if thought fit, pass, with or without modification(s), the following resolution for approval of the Scheme by requisite majority as prescribed under Section 230(1) and Section 230(6) of the Act as amended:

***"RESOLVED THAT** pursuant to the provisions of Section 230 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Hon'ble jurisdictional National*

Company Law Tribunal (“NCLT”) and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be deemed appropriate by the Company, at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or as may be prescribed or imposed by the NCLT or by any regulatory or other authorities, while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the arrangement embodied in the Scheme of Arrangement between Hindustan Zinc Limited and its shareholders (“Scheme”), be and is hereby approved.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this Resolution and effectively implement the arrangement embodied in the Scheme and to make any modifications or amendments to the Scheme at any time and for any reason whatsoever, and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper.”

3. **TAKE FURTHER NOTICE** that the equity shareholders shall have the facility and option of voting on the resolution for approval of the Scheme by casting their votes through: (a) e-voting system available at the Meeting to be held virtually (“**e-voting at the Meeting**”); or (b) by remote electronic voting during the period as stated below (“**remote e-voting**”):

REMOTE E-VOTING PERIOD	
Commencement of voting	Friday, March 24, 2023 at 10:00 A.M. (IST)
End of voting	Tuesday, March 28, 2023 at 5.00. P.M. (IST)

4. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date, i.e., Wednesday, March 22, 2023 (“**Cut-off Date**”) only shall be entitled to exercise his/her/its voting rights on the resolution proposed in the Notice and attend the Meeting. A person who is not an equity shareholder as on the Cut-off Date, should treat the Notice for information purpose only.
5. A copy of the Scheme, Statement under Section 230 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (“**CAA Rules**”) along with all annexures to Statement are enclosed herewith. A copy of this Notice and the accompanying documents are also placed on the website of the Company and can be accessed at: [www.hzindia.com](http://www.hzindia.com); the website of National Securities Depository Limited (“**NSDL**”) viz. [www.evoting.nsdl.com](http://www.evoting.nsdl.com), being the agency appointed by the Company to provide e-voting and other facilities for the Meeting and the website of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively.
6. The Tribunal has appointed Justice (Retd.) Mr. Dinesh Chandra Somani and failing him Mr. Amol Vyas, to be the Chairperson for the Meeting and Mr. Prashant Agrawal, to be the Scrutinizer for the Meeting.

7. The Scheme, if approved at the aforesaid Meeting, will be subject to the subsequent sanction of the Tribunal and such other approvals, permissions and sanctions of regulatory or other authorities, as may be necessary.

Jaipur, February 21, 2023

Sd/-

Justice (Retd.) Mr. Dinesh Chandra Somani  
**Chairperson appointed by the Tribunal for the Meeting**

**Registered office:**

Yashad Bhavan, Yashadgarh, Udaipur- 313004

Rajasthan, India

CIN: L27204RJ1966PLC001208

Website: [www.hzlindia.com](http://www.hzlindia.com)

Email: [dhruvika.jain@vedanta.co.in](mailto:dhruvika.jain@vedanta.co.in)

Tel: +91 294 6604000-02

Fax: +91 294 2427734

**Notes for the Meeting of the equity shareholders of the Company**

1. In view of the ongoing Covid-19 pandemic, in terms of the Tribunal Order and in compliance with the applicable provisions of the Act, SEBI Listing Regulations and General Circular Nos. 14/2020 dated April 8, 2020 read with General Circular Nos. 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 8, 2021, 03/2022 dated May 5, 2022 and 11/ 2022 dated December 28, 2022 (collectively referred to as “**MCA Circulars**”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI Circular SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 issued by the Securities and Exchange Board of India (“**SEBI**”) (“**SEBI Circulars**”), the Company is permitted to conduct the meeting through VC/ OAVM, without physical presence of the equity shareholders, therefore, the said Meeting of equity shareholders of the Company is being held through VC/ OAVM to transact the business set out in the Notice convening the Meeting.
2. Since this Meeting is being held through VC/ OAVM, physical attendance of equity shareholders has been dispensed with. Accordingly, the facility for appointment of proxies by the equity shareholders will not be available for the Meeting and hence the Proxy Form and Attendance Slip are not annexed hereto. However, in pursuance of Section 113 of the Act, authorized representatives of institutional/ corporate shareholders may be appointed for the purpose of voting through remote e-voting, for participation in the Meeting through VC/OAVM facility and e-voting during the Meeting provided that such shareholder sends a scanned copy (PDF/JPG Format) of its board or governing body resolution/authorization etc., authorizing its representative to attend the Meeting through VC/OAVM on its behalf, vote through e-voting during the Meeting and/or to vote through remote e-voting, on its behalf. The scanned image of the abovementioned documents should be in the name format [CTC |Authorized Representation|Section 113]. The said resolution/authorization shall be sent to the scrutinizer by email *via* his registered email id address to [ippagrawal@gmail.com](mailto:ippagrawal@gmail.com) and to the Company at [rajendra.pandwal@vedanta.co.in](mailto:rajendra.pandwal@vedanta.co.in) and/or [dhruvika.jain@vedanta.co.in](mailto:dhruvika.jain@vedanta.co.in) , with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) before the VC/OAVM Meeting or before the remote e-voting, as the case may be. The corporate shareholders can also upload documents in NSDL e-voting system for verification by scrutiniser.
3. The deemed venue for the Meeting shall be the Registered Office of the Company.
4. Equity shareholders attending the Meeting through VC / OAVM shall be reckoned for the purpose of quorum. In terms of the Tribunal Order, the quorum for the Meeting shall be in terms of Section 103 of the Act and the equity shareholders holding 33% in value. In case the quorum as stated above, is not present at the specified time, then the Meeting shall be adjourned by half an hour, and thereafter the persons present and voting, including authorized representatives, shall be deemed to constitute the quorum.
5. In terms of the Tribunal Order, the Notice of the Meeting and the accompanying documents mentioned in the Index are being sent through: (i) electronic mail to those equity shareholders whose email addresses are registered with the Company/ Depositories/ Registrar and Transfer Agent (“**RTA**”) of the Company i.e. Kfin Technologies Limited (“**Kfin**”); and (ii) courier/ post to those equity shareholders at their addresses registered with the Company whose email addresses are not available with the Company/ Depositories/ RTA.
6. NSDL, will provide the facility for voting by the equity shareholders through remote e-voting, for participation in the Meeting through VC/OAVM and e-voting during the Meeting.
7. **Voting rights of an equity shareholder/ beneficial owner (in case of electronic shareholding) shall be in proportion to his/ her/ its shareholding in the paid-up equity share capital of the**



**Company as on the Cut-off Date (specified in the Notice).**

8. The Statement pursuant to Section 230 read with Section 102 and other applicable provisions of the Companies Act, 2013 (“Act”) and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in respect of the business set out in the Notice of the Meeting is annexed hereto.
9. No route map of the venue of the Meeting is annexed hereto, since this Meeting is being held through VC / OAVM.
10. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
11. A copy of the Scheme, Statement under Section 230 read with Section 102 and other applicable provisions of the Act and Rule 6 of the CAA Rules along with all annexures to Statement are enclosed herewith. A copy of this Notice and the accompanying documents are also placed on the website of the Company and can be accessed at: [www.hzlindia.com](http://www.hzlindia.com); the website of NSDL viz. [www.evoting.nsdl.com](http://www.evoting.nsdl.com), being the agency appointed by the Company to provide e-voting and other facilities for the Meeting and the website of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively. All the documents referred to in the accompanying Statement, shall be available for inspection through electronic mode during the proceedings of the Meeting. Equity shareholders seeking to inspect copies of the said documents may send an email at [rajendra.pandwal@vedanta.co.in](mailto:rajendra.pandwal@vedanta.co.in) and/or [dhruvika.jain@vedanta.co.in](mailto:dhruvika.jain@vedanta.co.in). Further, all the documents referred to in the accompanying explanatory statement shall also be open for inspection by the equity shareholders at the Registered Office of the Company between 10:30 a.m. to 12:30 p.m., on all working days up to the date of the Meeting.
12. If so desired, equity shareholders may obtain a physical copy of the Notice and the accompanying documents, i.e., Scheme and the Statement under Section 230 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 etc., free of charge. A written request in this regard, along with details of your shareholding in the Company, may be addressed to the Company Secretary at [rajendra.pandwal@vedanta.co.in](mailto:rajendra.pandwal@vedanta.co.in).
13. The Scheme shall be considered approved by the equity shareholders of the Company if the resolution mentioned in the Notice has been approved by majority of persons representing three-fourth in value of the equity shareholders voting at the Meeting through VC/OAVM or by remote e-voting, in terms of the provisions of Section 230 of the Act.
14. In terms of Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021 read with Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 issued by the SEBI, the SEBI has mandated the submission of Permanent Account Number (“PAN”) by every participant in the securities market. The equity shareholders of the Company holding shares in electronic form who have not submitted their PAN to their Depository Participants are requested to submit their PAN to their Depository Participants and those equity shareholders holding equity shares in physical form who have not submitted their PAN are requested to submit their PAN to the Company’s RTA through Form ISR-1 duly filled with details including Folio Number and attaching a self-attested copy of PAN card to Kfin, RTA of the Company at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
15. The equity shareholders of the Company holding shares in physical mode, who have not registered / updated their email addresses with the Company, are requested to register/

update the same by sending an application to the RTA of the Company through Form ISR-1 as per the instructions provided in Point no. 14 stated above.

**16. Procedure for joining the meeting through VC / OAVM:**

- (a) Equity shareholders of the Company will be able to attend the Meeting through VC / OAVM or view the live webcast of the Meeting provided by NSDL by following the instructions provided in the notes to the Notice of the Meeting.
- (b) Facility to join the Meeting shall be opened 30 (thirty) minutes before the scheduled time of the Meeting and shall be kept open throughout the proceedings of the Meeting.
- (c) Members requiring any assistance/ support for participation before or during the Meeting, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or can call at 022 - 4886 7000 and 022 - 2499 7000 or can contact Ms. Prajakta Pawle, at the designated e-mail id: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**17. Procedure and Instructions relating to e-voting:**

**(a) Instructions relating to e-voting:**

- (i) Pursuant to the directions of the Tribunal given under the Tribunal Order, the Company is providing facility to its equity shareholders to exercise their right to vote on resolution proposed to be passed at the Meeting by electronic means.
- (ii) The manner of voting, including voting remotely by: (i) individual shareholders holding equity shares of the Company in demat mode; (ii) shareholders other than individuals holding equity shares of the Company in demat mode; (iii) shareholders holding equity shares of the Company in physical mode; and (iv) equity shareholders who have not registered their e-mail address, is explained in the instructions given hereinbelow.
- (iii) The remote e-voting will not be allowed beyond the end date and time specified in the voting period as stated in the Notice and the remote e-voting module shall be forthwith disabled by NSDL upon expiry of the aforesaid period.
- (iv) The Company has opted to provide the same electronic voting system at the Meeting, as used during remote e-voting, and the said facility shall be operational till the resolution proposed in the Notice is considered and voted upon at the Meeting and may be used for voting only by the equity shareholders holding shares as on the Cut-off Date who are attending the Meeting and who have not already cast their vote(s) through remote e-voting.
- (v) The equity shareholders who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on the resolution is cast by an equity shareholder, whether partially or otherwise, the equity shareholder will not be allowed to change it subsequently or cast the vote again.
- (vi) An equity shareholder can opt for only single mode of voting i.e., either through remote e-voting or e-voting at the Meeting. If an equity shareholder casts vote(s) by both modes, then voting done through remote e-voting shall

prevail and vote(s) cast at the Meeting shall be treated as “INVALID”.

- (vii) Mr. Prashant Agrawal has been appointed as the Scrutinizer for conducting the e-voting process including remote e-voting in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for same purpose.
- (viii) The remote e-voting facility will be available during the following period:

<b>REMOTE E-VOTING PERIOD</b>	
Commencement of voting	Friday, March 24, 2023 at 10:00 A.M. (IST)
End of voting	Tuesday, March 28, 2023 at 5.00. P.M. (IST)

- (ix) Any person holding equity shares of the Company in physical form and non-individual shareholders, who acquire equity shares of the Company and become equity shareholders of the Company after the Notice is sent through e-mail and holding shares as of the Cut-off Date (as specified in the Notice), may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you could reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on 022 - 4886 7000 and 022 - 2499 7000.
- (x) In case of individual shareholders holding equity shares of the Company in demat mode, who acquire equity shares of the Company and become a shareholder of the Company after sending of the Notice and holding shares as of the Cut-off Date (as specified in the Notice), may follow steps mentioned in the Notice of the Meeting under ‘Access to NSDL e-Voting system’;
- (xi) It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to insert the correct password. In such an event, you will need to go through the ‘Forgot User Details/Password?’ or ‘Physical User Reset Password?’ option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password; and
- (xii) To attend to any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on: 022 - 4886 7000 and 022 - 2499 7000 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Ms. Prajakta Pawle, at the designated email id: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) at National Securities Depository Limited, Trade World, ‘A’ Wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India who will also address the grievances connected with the voting by electronic means.

**(b) Procedure for e-voting**

- (i) The details of the process and manner for remote e-voting and e-voting at the Meeting are explained below.
- (ii) The way to vote electronically on NSDL e-voting system consists of “Two

Steps” which are mentioned below:

Step 1: Access to the NSDL e-voting system

Step 2: Cast your vote electronically on NSDL e-voting system





(iii) Step 1: Access to NSDL e-Voting system

**(A) Login method for e-voting and joining virtual meeting for individual shareholders holding equity shares of the Company in demat mode**

Individual shareholders holding equity shares of the Company in demat mode are allowed to vote through their demat account maintained with Depositories/ Depository Participants. Equity shareholders are advised to update their mobile number and email id in their demat accounts in order to access e-voting facility.

Login method for individual shareholders holding equity shares of the Company in demat mode is given below:

Type of shareholders	Login Method
Individual shareholders holding equity shares of the Company in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. Existing IDeAS user can visit the e-Services website of NSDL viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page, click on the ‘Beneficial Owner’ icon under ‘Login’ which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under Value added services. Click on ‘Access to e-Voting’ under e-Voting services and you will be able to see e-Voting page. Click on the Company’s name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-voting period or joining virtual Meeting &amp; e-voting at the meeting.</li> <li>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsd.com/SecureWeb/ideasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/ideasDirectReg.jsp</a>.</li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="http://www.evoting.nsd.com">www.evoting.nsd.com</a> either on a</li> </ol>

Type of shareholders	Login Method
	<p>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 the Company's name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual Meeting &amp; e-voting during the Meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App is available on</b></p> <p> App Store       Google Play</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>
<p>Individual Shareholders holding equity shares in demat mode with Central Depository Services Limited ("CDSL")</p>	<ol style="list-style-type: none"> <li>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 users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>After successful login the Easi / Easiest user will be able to see the e-Voting option for</li> </ol>

Type of shareholders	Login Method
	<p>eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</p> <ol style="list-style-type: none"> <li>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-voting facility. Upon logging in, you will be able to see e-voting option. 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 the Company's name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual Meeting &amp; e-voting during the Meeting.</p>

- (iv) **Important note:** Equity shareholders of the Company who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at abovementioned website.
- (v) Helpdesk for individual shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual shareholders holding securities in demat mode with NSDL	Equity shareholders facing any technical issue in login can contact NSDL helpdesk by sending a request at to Ms. Prajakta Pawle at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call on : 022 - 4886 7000 and 022 - 2499 7000 [from 8:00 a.m. (IST) to 8:00 p.m. (IST)]
Individual shareholders holding securities in demat mode with CDSL	Equity shareholders facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at +91-22-23058738 or +91-22-23058542-43 [from 10:00 a.m. (IST) to 6:30 p.m. (IST)]

**(B) Login method for e-voting and joining virtual meeting for equity shareholders other than individual shareholders holding equity shares of the Company in demat mode and physical mode**

**How to Log-in to NSDL e-voting website?**

- (i) 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.
- (ii) Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section.
- (iii) A new screen will open. You will have to enter your User ID, your Password/ OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- (iv) Your User ID details are given below:

<b>Manner of holding equity shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For equity shareholders who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For equity shareholders who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For equity shareholders holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 101456 then  user ID is 101456001***

(v) Password details for equity shareholders other than individual shareholders are given below:

- (a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- (b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'Initial Password' which was communicated to you. Once you retrieve your 'Initial Password', you need to enter the 'Initial Password' and the system will force you to change your password.
- (c) How to retrieve your 'Initial Password'?
  - (i) If your email id is registered in your demat account or with the Company, your 'Initial Password' is communicated to you on your email id. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. The Password to open the .pdf file is your 8 digit Client ID for NSDL account, last 8 digits of



Client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'Initial Password'.

- (ii) If your email id is not registered, please follow steps mentioned below in **process for those Shareholders whose email IDs are not registered.**
- (vi) If you are unable to retrieve or have not received the 'Initial Password' or have forgotten your Password:
  - (a) Click on 'Forgot User Details/Password?' (If you are holding equity shares of the Company in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (b) 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/ folio number, your PAN, your name and your registered address etc.
  - (d) Equity shareholders can also use the OTP (One Time Password) based login option available at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) for casting their vote on the e-voting system of NSDL.
- (vii) After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.
- (viii) Now, you will have to click on 'Login' button.
- (ix) After you click on the 'Login' button, Home page of e-voting will open.

**(C) Step 2: Cast your vote electronically at the Meeting/ join virtual meeting on NSDL e-voting system**

- (i) After successful login at Step 1, you will be able to see 'EVEN' of all the companies in which you are holding shares and whose voting cycle and the meeting is in active status.
- (ii) Select 'EVEN' of the Company for which you wish to cast your vote during the remote e-voting period and casting your vote during the Meeting. For joining virtual Meeting, you need to click on 'VC / OAVM' link placed under 'Join Meeting'.
- (iii) Now you are ready for e-voting as the voting page opens.
- (iv) Cast your vote by selecting appropriate options i.e. assent or

dissent, verify/ modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.

- (v) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (vi) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- (vii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**(D) Process for those equity shareholders of the Company whose email ids are not registered with the Depositories for procuring user ID and password and registration of email ids for e-voting for the resolutions set out in this Notice.**

- (i) In case equity shares of the Company are held in physical mode, please provide 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) by e-mail to [dhruvika.jain@vedanta.co.in](mailto:dhruvika.jain@vedanta.co.in).
- (ii) In case equity shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16 digit beneficiary ID), Name, Client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [dhruvika.jain@vedanta.co.in](mailto:dhruvika.jain@vedanta.co.in). If you are an individual shareholder holding equity shares of the Company in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e. Login method for e-voting and joining virtual Meeting, for individual shareholders holding equity shares of the Company in demat mode.
- (iii) Alternatively, shareholders may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring User ID and Password for e-voting by providing above mentioned documents.
- (iv) Equity shareholders of the Company are required to update their mobile number and email id correctly in their demat account in order to access e-voting facility.

**(E) Instructions for attending the Meeting and cast votes through e-voting on the day of the Meeting:**

- (i) Equity shareholders of the Company will be provided with a facility to attend the Meeting through VC/ OAVM through the NSDL e-voting system. Equity shareholders of the Company may access by following the steps mentioned above for Access to NSDL e-voting system. After successful login, you

can see link of 'VC / OAVM link' placed under 'Join meeting' menu against the Company's name. You are requested to click on VC / OAVM link placed under 'Join Meeting' menu. The link for VC / OAVM will be available in Shareholder/Member login where the EVEN of the Company will be displayed. Please note that the shareholders who do not have the User ID and Password for e-voting at the Meeting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice to avoid last minute rush.

- (ii) The procedure for e-voting on the day of the Meeting is same as the instructions mentioned above for remote e-voting.
- (iii) Only those equity shareholders, who will be present in the Meeting through VC/OAVM facility and have not cast their vote on the resolution through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the Meeting.
- (iv) Details of persons who may be contacted for any grievances connected with the facility for e-voting on the day of the Meeting is the same as that mentioned for remote e-voting.
- (v) Equity shareholders are encouraged to join the Meeting through Laptops for better experience.
- (vi) Further, shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
- (vii) Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (viii) Equity shareholders of the Company who would like to express their views/ have questions may send their questions in advance to [rajendra.pandwal@vedanta.co.in](mailto:rajendra.pandwal@vedanta.co.in) and [dhruvika.jain@vedanta.co.in](mailto:dhruvika.jain@vedanta.co.in) by mentioning their name, demat account number/folio number, email id, mobile number. The same will be replied by the Company suitably.

**(F) Procedure for speaker registration or to raise questions / queries**

- (i) The equity shareholders of the Company who have any questions on the resolution proposed in the Notice are requested to send their queries in advance, latest by March 24, 2023 (05:00 P.M. IST) through e-mail at [rajendra.pandwal@vedanta.co.in](mailto:rajendra.pandwal@vedanta.co.in) and [dhruvika.jain@vedanta.co.in](mailto:dhruvika.jain@vedanta.co.in) by mentioning their name, DP

ID and Client ID/ Folio No., email id, mobile number.

- (ii) Equity shareholders of the Company who would like to express their views or ask questions during the Meeting may register themselves as speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID/Folio No., No. of shares, PAN, mobile number at [rajendra.pandwal@vedanta.co.in](mailto:rajendra.pandwal@vedanta.co.in) and [dhruvika.jain@vedanta.co.in](mailto:dhruvika.jain@vedanta.co.in) on or before March 24, 2023 (05:00 P.M. IST). Those equity shareholders of the Company who have registered themselves as a speaker will only be allowed to express their views, ask questions during the Meeting. The Company reserves the right to restrict the number of speakers as well as the speaking time depending upon the availability of time at the Meeting. The equity shareholders of the Company may view the criteria for identification/ selection of speakers which is available on the website of the Company at [www.hzlindia.com](http://www.hzlindia.com).
- (iii) All documents referred to in the Notice will also be available electronically for inspection without any fee by the equity shareholders from the date of circulation of this Notice up to the date of Meeting. Equity shareholders of the Company seeking to inspect such documents can send an e-mail to [dhruvika.jain@vedanta.co.in](mailto:dhruvika.jain@vedanta.co.in).

**(c) Results of the Meeting**

- (i) The Scrutinizer will, after the conclusion of e-voting at the Meeting, scrutinize the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutinizer's Report and submit the same to the Chairperson of the Meeting. The result of voting for the Meeting will be declared within 2 (two) working days of the conclusion of the Meeting and the same, along with the consolidated Scrutinizer's Report, will be placed on the website of the Company: [www.hzlindia.com](http://www.hzlindia.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The result will simultaneously be communicated to the Stock Exchanges. The result will also be displayed at the registered office of the Company.
- (ii) Subject to receipt of requisite majority of votes in favour of the Scheme i.e., majority in number representing three-fourth in value (as per Section 230 of the Act), the Resolution proposed in the Notice shall be deemed to have been passed on the date of the Meeting (specified in the Notice).

**Equity Shareholders are requested to carefully read all the Notes set out herein and in particular, instructions for joining the Meeting, manner of casting vote through remote e-Voting or e-Voting at the Meeting.**

**IN THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, JAIPUR BENCH**

**CA (CAA) No. 10/230-232/JPR/2022**

**IN THE MATTER OF SECTION 230**

**AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013**

**AND**

**IN THE MATTER OF THE SCHEME OF ARRANGEMENT BETWEEN HINDUSTAN ZINC LIMITED AND ITS SHAREHOLDERS**

**Hindustan Zinc Limited, a Company )**  
 incorporated under the Companies Act, 1956 )  
 having Corporate Identity Number: )  
 L27204RJ1966PLC001208 and having its )  
 registered office at Yashad Bhavan, )  
 Yashadgarh, Udaipur- 313004, Rajasthan, India )  
 ) **.... Company / Applicant Company**

**STATEMENT UNDER SECTION 230 READ WITH SECTION 102 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 ("ACT") AND RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 ("CAA RULES") TO THE NOTICE OF THE MEETING OF EQUITY SHAREHOLDERS OF HINDUSTAN ZINC LIMITED CONVENED PURSUANT TO ORDER OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, JAIPUR BENCH ("TRIBUNAL") DATED FEBRUARY 6, 2023 ("TRIBUNAL ORDER")**

**I. Meeting for the Scheme**

This is a Statement accompanying the Notice convening the meeting of equity shareholders of Hindustan Zinc Limited ("**Company**") for the purpose of their considering and if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between Hindustan Zinc Limited and its shareholders ("**Scheme**"). The Scheme provides for capital reorganization of the Company (as defined hereinafter), *inter alia*, providing for transfer of amounts standing to the credit of the General Reserves (*as defined in the Scheme*) to the Retained Earnings (*as defined in the Scheme*) of the Company, pursuant to the provisions of Section 230 and other applicable provisions of the Act (*as defined in the Scheme*). The Scheme also provides for various other matters consequential thereto or otherwise. A copy of the Scheme is attached hereto as **Annexure I**.

Capital terms not defined herein and used in the Notice and this Statement shall have the same meaning as ascribed to them in the Scheme.

**II. Purpose, Objective, Rationale and Benefits of the Scheme**

1. From the date of notification of provisions of the Act, the mandatory requirement to transfer funds from the profits/ retained earnings of a company to its general reserves was done away with. Further, creation of general reserves in accordance with the erstwhile provisions of the Companies Act, 1956 was also done away with. Currently, there is no provision under the Act which enables or restricts the transfer of funds lying in the general reserves of a company to its retained earnings.
2. Further, the funds lying in general reserves of the Company have been accumulated over past few years, after transfer of profits earned by the Company. Accordingly, in absence of any specific provisions/ guidance under the Act, in the past the various High Courts and the

National Company Law Tribunal have permitted companies to undertake such a transfer through a scheme of arrangement pursuant to provisions of Section 230 of the Act.

3. The circumstances which justify and/or have necessitated the said Scheme and the benefits of the same are, *inter alia*, as follows:
  1. *“Over the years, the Company has built up significant reserves through transfer of profits to the reserves in accordance with provisions of the erstwhile Companies Act, 1956 and erstwhile rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975.*
  2. *Steady growth in sales volume, balanced capital expenditure for continuing operations has helped the Company achieve a strong track record of generating cash flows. With healthy business practices in place, the Company expects that it will continue its growth trajectory and its business operations will keep generating incremental cash flow over the coming years.*
  3. *The Company is of the view that the funds represented by the General Reserves are in excess of the Company's anticipated operational and business needs in the foreseeable future, thus, these excess funds can be utilized to create further shareholders' value, in such manner and to such extent, as the Board of the Company in its sole discretion, may decide, from time to time and in accordance with the provisions of the Act and other Applicable Law.*
  4. *The Scheme is in the interest of all stakeholders of the Company.”*
4. In view of the aforesaid and in the interest of following good corporate governance practices, the Company has proposed the Scheme.

### III. Background of the Company

1. Particulars of the Company
  - (a) Hindustan Zinc Limited (“**Company**”) having Corporate Identity Number (CIN) L27204RJ1966PLC001208 was incorporated on January 10, 1966 as a public limited company, under the provisions of the Companies Act, 1956, as ‘Hindustan Zinc Limited’ and the Registrar of Companies, Jaipur issued a Certificate of Incorporation dated January 10, 1966. The registered office of the Company is situated at Yashad Bhavan, Yashadgarh, Udaipur- 313004, Rajasthan, India. Its Permanent Account Number with the Income Tax Department is AAACH7354K. The email address of the Company is: [dhruvika.jain@vedanta.co.in](mailto:dhruvika.jain@vedanta.co.in) and Company’s website is [www.hzlindia.com](http://www.hzlindia.com). During the last five years, there has been no change in the name and registered office of the Company. The equity shares of the Company are listed on BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”).
  - (b) Main objects of the Company, as per its Memorandum of Association, have been reproduced below for the perusal of the equity shareholders:
 

*“III A. The main objects for which the Company is established are:*

    1. *To acquire, take over, manage and develop the undertaking formerly belonging to the Metal Corporation of India Limited which shall be deemed to include all assets, rights, lease holds, including mining leases, if any, powers, authorities and privileges and all property, movable and immovable, including lands, buildings, works, mines, workshops, projects, smelters, refineries, stores, instruments, machinery, locomotives, automobiles, and other vehicles, mined*

*or extracted zinc or lead ores, concentrate and metals, in process or in stock or in transit, cash balances, cash on hand, reserve fund investments and book debts and all other rights and interests arising out of such property as were immediately before the 22nd day of October, 1965 in the ownership, possession, power or control of the Metal Corporation of India Limited in relation to the undertaking, whether within or outside India, and all books of account, registers, maps, plans, sections, drawings, records of survey and all other documents of whatever nature relating thereto and shall also be deemed to include all borrowings, liabilities and obligations of whatever kind then subsisting of the Metal Corporation of India Limited in relation to the undertaking which has been transferred to and vested in the Central Government by virtue of the Metal Corporation of India (Acquisition of Undertaking) Act, 1966, (No.36 of 1966), and shall also be deemed to include all other properties, assets, liabilities and obligations acquired or incurred for purposes of the undertaking since the transfer thereof to and vesting thereof in the Central Government by virtue of the said Act.*

2. *To carry on in India and elsewhere trades or business of metallurgists and miners including beneficiation of minerals, mineral dressing, concentration, smelting, refining and the extraction, manufacture and fabrication, purchase and sale of and generally dealing in all metals and their products and alloys and in particular to manufacture and/or produce and/or otherwise engage generally in the manufacture or production of or dealing in ores and concentrates of zinc and lead, zinc and lead metals and their products and by-products of all kinds including fertilizers and the sale, dealing or other disposition of such products and by-products.*
3. *To search, prospect, get, win, workraise, beneficiate, make merchantable, sell, dispose of and deal in all minerals and substances and the manufacture and sale of produce obtained thereby.*
4. *To buy, sell, smelt, refine, manufacture, fabricate and deal in minerals and metals and alloys of all kinds.*
5. *To act as consulting engineers and metallurgists in all fields of engineering and metallurgy and to carry on the business of mechanical, metallurgical, mining, chemical, electrical and civil engineering including in particular the work of selling, erecting, installing, operating, maintaining and repairing all types of plant machinery and equipment.*
6. *To undertake, carry on or cause to be carried on and assist, contribute in any form, research in all fields of metallurgy and engineering in India or elsewhere and to construct, execute, carry out, equip, improve, work, purchase or otherwise acquire, hire, lease, develop, administer, manage, control in India or elsewhere laboratories, technical training, educational institutes, school or colleges.*
7. *To do the business as power producer either individually as a holding company or in collaboration, consortium, partnership, joint venture, majority or minority or equal equity participation with another person or a special purpose vehicle or entity, corporate or otherwise and in that capacity to develop, assemble, modify, restructure, generate, accumulate, transmit, distribute, purchase, sell and supply in India and/or abroad efficient thermal, hydroelectric and wind power generated electric energy including steam from conventional /non conventional renewable & non renewable energy sources or any other form of energy for captive use/ consumption or to other enterprises on commercial basis and to undertake or to carry on the business of managing, owning, controlling, erecting, commissioning, operating, running, leasing or transferring power*

- plants, wind energy plants, mechanical, electrical, thermal hydel, civil engineering works and similar projects, selling steam, disposal of by-products.*
8. *To lay down, establish, operate and maintain such power/energy generating stations and sub stations including main transmission line, structures, machineries, equipments cables as may be required to be established by the competent authority or authorities.*
  9. *To carry on business of consultancy services in power generation, establishment of power plants and related areas and execution of turnkey jobs for other organizations, bodies whether private or government owned and to deal in all apparatus and thing required for or capable of being used in connection with the generation, distribution, supply, accumulation of electric and to supply light to cities, towns, streets, docks, markets, theaters, buildings and places, with public and private, suppliers and dealers in electrical and other related appliances.*
  10. *To generate, acquire by purchase in bulk, develop and accumulate electrical power at the place or places contemplated by the said License and to transmit, distribute and supply such power throughout the area of supply named therein, and generally to generate acquire by purchase in bulk develop and accumulate power at any other place or places and to transmit, distribute and supply such power.*
  11. *To carry on the business of an electric Power, Light and Supply Company in all its branches, and in particular to construct lay down, establish, fix and carry out all necessary power stations, cables, wires, lines accumulators, lamps and works, and to generate acquire by purchase in bulk, accumulate distribute and supply electricity, and to light cities, towns, streets, docks, markets, theatres, buildings and places, both public and private.*
  12. *To carry on the business of electrician, mechanical engineers, suppliers of electricity for the purposes of light heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity, galvanism, magnetism or otherwise.*
  13. *To carry on in India or elsewhere the business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional/non-conventional resources, tie-lines, sub-stations and transmission lines on build, own and transfer (BOT), and/or build, own, lease and transfer (BOLT and/or build, own, operate and transfer (BOOT) basis and to carry on in India or elsewhere the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the Government or Governments or other public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities as may be considered necessary or beneficial or desirable.*
  14. *To acquire concessions or licenses granted by, and enter into contracts with the Government of India or the Government of any Province in India or the Government of any Slate in India or any municipal or local authority, company or person in India, or elsewhere, for the construction and maintenance of an electric installation for the production, transmission or use of electric power for lighting, heating, pumping, signaling, telephonic, or traction or motive purposes, including the application thereof to tramcars, omnibuses, carriages, ships, conveyances and objects, or any other purpose."*



During the last five years, there has been no change in the objects clause of the Company.

- (c) The Company is engaged in exploring, extracting and processing of minerals. The Company's operations include five zinc-lead mines, for zinc smelters, one lead smelter, one zinc-lead smelter, eight sulphuric acid plants, one silver refinery plant, six captive thermal power plants and four captive solar plants in the State of Rajasthan. In addition, the Company also has rockphosphate mine in Matoon, near Udaipur in Rajasthan and zinc, lead, silver processing and refining facilities in the State of Uttarakhand. The Company also has wind power plants in the States of Rajasthan, Gujarat, Karnataka, Tamil Nadu and Maharashtra and solar power plants in the State of Rajasthan.
- (d) The authorised, issued, subscribed and paid-up share capital of the Company as on January 31, 2023 is as follows:

Particulars	Amount in INR
<b>Authorised share capital</b>	
500,00,00,000 equity shares of INR 2 each	1000,00,00,000
<b>Total</b>	<b>1000,00,00,000</b>
<b>Issued, subscribed and paid-up share capital</b>	
422,53,19,000 equity shares of INR 2 each fully paid	845,06,38,000
<b>Total</b>	<b>845,06,38,000</b>

The latest annual financial statements of the Company have been audited for the financial year ended March 31, 2022. Consolidated and Standalone Unaudited Financial Results (limited reviewed) of the Company for the quarter and year ended December 31, 2022 is attached hereto as **Annexure II**.

- (e) The Consolidated and Standalone Audited Financial Results of the Company for the quarter and financial year ended as on March 31, 2022 is attached hereto as **Annexure III**. A copy of the full annual report of the Company for the financial year ended as on March 31, 2022 can be accessed at: [www.hzlindia.com](http://www.hzlindia.com) and the website of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively.
- (f) The details of Directors and Promoter of the Company (as on the date of the Notice) along with their addresses are mentioned herein below:

Sr. No.	Name	Category	Address
<b>Directors</b>			
1.	Mrs. Priya Agarwal	Chairman & Non-Executive Director	Flat No. 2501/2502 Raheja Legend, Plot No. 254A, Dr Anne Besant Road, Worli, Mumbai – 400025
2.	Ms. Nirupama Kotru	Non- Executive Director	Government of India Ministry of Mines, Shastri Bhawan, New Delhi - 110001
3.	Dr. Veena Kumari Dermal	Non- Executive Director	Government of India Ministry of Mines, Shastri Bhawan, New Delhi -

Sr. No.	Name	Category	Address
			110001
4.	Ms. Farida M. Naik	Non- Executive Director	Government of India Ministry of Mines, Shastri Bhawan, New Delhi - 110001
5.	Mr. Anjani K. Agrawal	Independent Director	2201, Tower 2A, Sumer Trinity Towers, New Prabha Devi Road, Prabha Devi, Mumbai – 400 025
6.	Mr. Akhilesh Joshi	Independent Director	54, Polo Ground Udaipur – 313 004
7.	Mr. Ramamirtham Kannan	Independent Director	Karachi Citizens, CHS 205-B, New Link Road, D.N. Nagar Andheri (West), Mumbai 400053
8.	Mr. Navin Agarwal	Non- Executive Director	Soham, 8/738, Behramji Gamadia Road, Mumbai - 400 026
9.	Mr. Arun Misra	CEO & Whole-time Director	Hindustan Zinc Limited Yashad Bhawan, Udaipur - 313 004.

Sr. No.	Name	Address
<b>Promoter and Promoter Group</b>		
1.	Vedanta Limited	1 <sup>st</sup> Floor, C wing, Unit 103, Corporate Avenue Atul Projects, Chakala, Andheri (East) Mumbai - 400 093, Maharashtra, India

#### IV. SALIENT FEATURES OF THE SCHEME

1. The salient features of the Scheme, *inter alia*, are as stated below. The capitalized terms used herein shall have the same meaning as ascribed to them in Clause 1 of Part I of the Scheme:
  - (a) The Scheme provides for capital reorganization of the Company, *inter alia*, providing for transfer of amounts standing to the credit of the General Reserves to the Retained Earnings of the Company under Section 230 and other applicable provisions of the Act.
  - (b) No consideration is proposed to be issued pursuant to the Scheme.
  - (c) The Appointed Date of the Scheme shall mean the Effective Date.
  - (d) The Scheme shall become effective and operative from the Effective Date.
  - (e) The equity shares of the Company shall continue to be listed on the Stock Exchanges.

**Note: The above are the salient features of the Scheme. The equity shareholders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with**

the provisions thereof.

**V. Approvals and intimation in relation to the Scheme**

1. The Committee of Independent Directors and the Audit & Risk Management Committee of the Company approved and recommended the Scheme to the Board of Directors of the Company on January 06, 2022 and January 21, 2022 respectively. Basis recommendation of the Committee of Independent Directors and the Audit & Risk Management Committee of the Company, the Board of Directors of the Company on January 21, 2022, unanimously approved the Scheme, as detailed below:

Name of Director	Voted in favour / against / did not participate or vote
Mrs. Kiran Agarwal	Favour
Mr. Navin Agarwal	Favour
Mr. Akhilesh Joshi	Favour
Mr. Anjani K. Agrawal	Favour
Ms. Nirupama Kotru	Favour
Ms. Farida M. Naik	Favour
Dr. Veena Kumari D	Favour
Mr. Arun Misra	Favour

2. In terms of Regulation 37 of the SEBI Listing Regulations read with SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 (“**SEBI Master Circular**”), NSE and BSE, by their respective letters, both dated August 23, 2022, have issued their respective observation letters on the Scheme to the Company. The NSE and BSE vide their respective letters dated August 23, 2022 have conveyed their ‘no objection’ and ‘no adverse observations’ to the Scheme respectively. Copies of the said observation letters issued by NSE and BSE to the Company are attached hereto as **Annexure IV** and **Annexure V** respectively. However, the SEBI has raised certain concerns on the Scheme which are stated in the aforesaid observation letters issued by BSE and NSE. The letters of the Company in response to the observation letters issued by BSE and NSE are attached hereto as **Annexure VI**.
3. Further, in terms of the said SEBI Master Circular, the Company has not received any complaint relating to the Scheme and “NIL” complaint reports were filed by the Company with NSE and BSE, copies of which are attached hereto as **Annexure VII** and **Annexure VIII** respectively.
4. There are no ongoing adjudication & recovery proceedings, prosecution initiated and enforcement action taken, against the Company, which if results in an adverse outcome may materially and adversely affect the Scheme, the Company’s operations or its financial position, as the case may be.
5. In addition to the approval of the Tribunal, the Company will obtain such necessary approvals / sanctions / no objection(s) from the regulatory or other governmental authorities in respect of the Scheme in accordance with law, as may be required.

**VI. Interest of Directors, Key Managerial Personnel (KMPs), their relatives and Debenture Trustee**

None of the Directors, KMPs (as defined under the Act and rules framed thereunder) of the Company and their respective relatives (as defined under the Act and rules framed thereunder) has any interest in the Scheme except to the extent of their shareholding in the Company, if any. Save as aforesaid, none of the said Directors or the KMPs or their respective

relatives has any material interest in the Scheme. The Debenture Trustee of the Company has no interest in the Scheme.

## VII. **Effect of the Scheme on stakeholders**

The effect of the Scheme on various stakeholders is summarised below:

### 1. ***Equity shareholders, KMPs, promoter and non-promoter shareholders***

The effect of the Scheme on the equity shareholders, KMPs, promoter and non-promoter shareholders of the Company is given in the report adopted by the Board of Directors of the Company on January 21, 2022 pursuant to the provisions of Section 232(2)(c) of the Act which is attached as **Annexure IX** to this Statement.

### 2. ***Directors***

(i) The Scheme will have no effect on the office of the existing Directors of the Company. Further, no change in the Board of Directors of the Company is envisaged on account of the Scheme. It is clarified that, the composition of the Board of Directors of the Company may change by appointments, retirements or resignations in accordance with the provisions of the Act, SEBI Listing Regulations and Memorandum and Articles of Association of the Company.

(ii) The effect of the Scheme on the Directors of the Company in their capacity as equity shareholders of the Company is same as in case of other equity shareholders of the Company, as mentioned in the aforesaid report attached as Annexure VIII hereto.

### 3. ***Employees***

(i) The employees of the Company shall, in no way, be affected by the Scheme, as there is no transfer of employees under the Scheme.

(ii) On the Scheme becoming effective, all the employees of the Company shall continue with their employment, without any break or interruption in their services, on the same terms and conditions on which they are engaged as on the Effective Date.

### 4. ***Creditors (other than Debenture holders and Bond holders)***

(i) The creditors of the Company shall, in no way, be affected by the Scheme, as there is no reduction in the amount payable to any of the creditors and no compromise or arrangement is contemplated with the creditors.

(ii) Further, there is no outflow of cash from the Company. Thus, the Scheme would not, in any way, adversely affect the operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business.

### 5. ***Debenture holders, Bond holders and Debenture Trustees***

(i) The Company has not issued any debentures. Hence, no debenture trustees have been appointed by the Company.

### 6. ***Depositors and Deposit Trustees***

- (i) The Company has not accepted any deposits within the meaning of the Act and Rules framed thereunder. Hence, no Deposit Trustees have been appointed.
- (ii) Thus, the Scheme will have no adverse effect on the aforesaid stakeholders.

#### VIII. Amounts due to secured creditors and unsecured creditors

- (i) The Company does not have any secured creditors.
- (ii) The amount due to unsecured creditors of the Company, as on December 31, 2022 is INR 34,99,16,25,393.
- (iii) The present Scheme is an arrangement between the Company, and its shareholders, under the provisions of Section 230 of the Act. The Scheme provides for capital reorganisation of the Company. No consideration is proposed to be issued pursuant to the Scheme. Thus, the secured creditors and unsecured creditors of the Company shall, in no way, be affected by the Scheme, as there is no reduction in the amount payable to any of the creditors and no compromise or arrangement is contemplated with the creditors. Further, there is no outflow of cash from the Company. Thus, the Scheme would not, in any way, adversely affect the operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business.

#### IX. Share Capital / Debt Restructuring

There is no share capital/debt restructuring envisaged in the Scheme. No shares are proposed to be issued by the Company, pursuant to the Scheme. Therefore, there will be no change in the share capital structure and the post-scheme shareholding pattern of the Company. The pre-scheme share capital details of the Company is mentioned above in Paragraph III d above. The pre-scheme shareholding pattern of the Company is given below.

#### X. Pre-Scheme shareholding pattern of the Company

(Based on shareholding data as on December 31, 2022)

Sr. No.	Category of shareholder	No. of fully paid-up equity shares held	% of (A+B+C)
(A)	Promoter & Promoter Group	274,31,54,310	64.92%
(B)	Public	148,21,64,690	35.08%
(C)	Non-Promoter Non-Public	-	-
(C1)	Shares underlying DRs	-	-
(C2)	Shares held by Employee Trust	-	-
<b>Grand Total (A+B+C)</b>		<b>422,53,19,000</b>	<b>100.00%</b>

Further, no shares/ consideration is proposed to be issued by the Company pursuant to the Scheme. Therefore, there will be no change in the shareholding pattern of the Company pursuant to the Scheme.

#### XI. Auditors' Certificate on conformity of accounting treatment in the Scheme with Accounting Standards

Certificate dated February 18, 2022, issued by M/s S. R. Batliboi & Co LLP, Chartered Accountants, Statutory Auditors of the Company confirming that the accounting treatment in the Scheme, is in compliance with SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 and circulars issued there under and the applicable accounting standards prescribed under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other generally accepted accounting principles is attached hereto as **Annexure X**.

**XII. Other information**

- (i) A copy of the Scheme has been filed by the Company with the Registrar of Companies, Jaipur.
- (ii) No investigation proceedings have been instituted and/or are pending against the Company under Sections 210 to 227 of the Act.

**XIII. Non applicability of valuation report and fairness opinion**

- (i) The Scheme provides for the capital reorganization of the Company, *inter alia*, providing for transfer of amounts standing to the credit of the General Reserves to the Retained Earnings of the Company.
- (ii) Further, no shares/ consideration is proposed to be issued by the Company pursuant to the Scheme. Therefore, there will be no change in the shareholding pattern of the Company pursuant to the Scheme.
- (iii) Thus, in view of the above, valuation report and fairness opinion are not applicable.

**XIV. Inspection of Documents**

Electronic copy of following documents will be available for inspection in the Investors Relations section of the website of the Company at [www.hzlindia.com](http://www.hzlindia.com) under tab "Scheme of Arrangement".

- (a) Memorandum and Articles of Association of the Company;
- (b) Consolidated and Standalone unaudited financial results (limited reviewed) for the quarter ended December 31, 2022 of the Company;
- (c) Annual report of the Company for the financial year ended as on March 31, 2022;
- (d) Copy of the Scheme;
- (e) Certificate of the Statutory Auditor of the Company confirming that the accounting treatment prescribed under the Scheme is in compliance with Section 133 of the Act and applicable accounting standards;
- (f) Report of the Audit & Risk Management Committee and Committee of Independent Directors of the Company recommending the Scheme; and
- (g) Copy of the Order of the Hon'ble National Company Law Tribunal, Jaipur Bench.

Based on the above and considering the rationale and benefits, in the opinion of the Board, the Scheme will be of advantage to, beneficial and in the interest of the Company, its equity shareholders and other stakeholders and the terms thereof are fair and reasonable. The Board of Directors of the Company recommend the Scheme for approval of the equity shareholders.

The Directors and KMPs, as applicable, of the Company, and their relatives do not have any concern or interest, financially or otherwise, in the Scheme except as equity shareholders in general.

Jaipur, February 21, 2023

**Sd/-**

Justice (Retd.) Mr. Dinesh Chandra Somani  
**Chairperson appointed by the Tribunal for the Meeting**

**Registered office:**

Yashad Bhavan, Yashadgarh, Udaipur- 313004,

Rajasthan, India

CIN: L27204RJ1966PLC001208

Website: [www.hzlindia.com](http://www.hzlindia.com)

Email: [dhruvika.jain@vedanta.co.in](mailto:dhruvika.jain@vedanta.co.in)

Tel: +91 294 6604000-02

Fax: +91 294 2427734

## SCHEME OF ARRANGEMENT

BETWEEN

HINDUSTAN ZINC LIMITED

AND

ITS SHAREHOLDERS

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

**(A) PREAMBLE**

This scheme of arrangement ("**Scheme**") provides for reorganization of the capital of the Company (*as defined hereinafter*), *inter alia*, providing for transfer of amounts standing to the credit of the General Reserves (*as defined hereinafter*) to the Retained Earnings (*as defined hereinafter*) of the Company, pursuant to the provisions of Section 230 and other applicable provisions of the Act (*as defined hereinafter*). This Scheme also provides for various other matters consequential thereto or otherwise integrally connected therewith.

**(B) DESCRIPTION OF THE COMPANY**

Hindustan Zinc Limited ("**Company**") is a company incorporated under the provisions of the Companies Act, 1956. The Company is engaged in exploring, extracting and processing of minerals. The Company's operations include five zinc-lead mines, four zinc smelters, one lead smelter, one zinc-lead smelter, eight sulphuric acid plants, one silver refinery plant, six captive thermal power plants and four captive solar plants in the state of Rajasthan. In addition, the Company also has a rockphosphate mine in Matoon, near Udaipur in Rajasthan and zinc, lead, silver processing and refining facilities in the state of Uttarakhand. The Company also has wind power plants in the states of Rajasthan, Gujarat, Karnataka, Tamil Nadu and Maharashtra and solar power plants in the state of Rajasthan. The equity shares of the Company are listed on the Stock Exchanges (*as defined hereinafter*).

**(C) RATIONALE FOR THE SCHEME**

1. Over the years, the Company has built up significant reserves through transfer of profits to the reserves in accordance with provisions of the erstwhile Companies Act, 1956 and erstwhile rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975.
2. Steady growth in sales volume, balanced capital expenditure for continuing operations has helped the Company achieve a strong track record of generating cash flows. With healthy business practices in place, the Company expects that it will continue its growth trajectory and its business operations will keep generating incremental cash flow over the coming years.





3. The Company is of the view that the funds represented by the General Reserves are in excess of the Company's anticipated operational and business needs in the foreseeable future, thus, these excess funds can be utilized to create further shareholders' value, in such manner and to such extent, as the Board of the Company in its sole discretion, may decide, from time to time and in accordance with the provisions of the Act and other Applicable Law.
4. The Scheme is in the interest of all stakeholders of the Company.

**(D) PARTS OF THE SCHEME**

The Scheme is divided into the following parts:

1. **PART I** deals with the definitions of capitalized terms used in this Scheme, the details of the share capital and reserves and surplus of the Company and date of taking effect and implementation of this Scheme;
2. **PART II** deals with transfer of amounts standing to the credit of the General Reserves to the Retained Earnings of the Company, pursuant to the provisions of Section 230 and other applicable provisions of the Act; and
3. **PART III** deals with the general terms and conditions applicable to this Scheme.

**PART I**

**DEFINITIONS AND SHARE CAPITAL**

**1. DEFINITIONS**

- 1.1 In this Scheme, (i) capitalised terms defined by inclusion in quotations and/ or parenthesis shall have the meanings so ascribed; and (ii) the following expressions shall have the meanings ascribed hereunder:

"**Act**" means the Companies Act, 2013;

"**Applicable Law**" or "**Law**" means any applicable national, foreign, provincial, local or other law including applicable provisions of all: (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Company; and (b) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Company as may be in force from time to time;

"**Appointed Date**" means the Effective Date;

*[Handwritten signature]*



*[Handwritten signature]*

**"Appropriate Authority"** means:

- (a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, tribunal, central bank, commission or other authority thereof;
- (b) any governmental, quasi-governmental or private body or agency lawfully exercising or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing, exporting or other governmental or quasi-governmental authority including without limitation, SEBI and the Tribunal; and
- (c) any Stock Exchange.

**"Board"** in relation to the Company means the board of directors of the Company and shall include a committee of directors or any person authorized by such board of directors or such committee of directors duly constituted and authorized for the matters pertaining to this Scheme or any other matter relating hereto;

**"Company"** means Hindustan Zinc Limited, a company incorporated under the provisions of the Companies Act, 1956, having Corporate Identity Number: L27204RJ1966PLC001208 and its registered office at Yashad Bhavan, Yashadgarh, Udaipur, Rajasthan – 313004;

**"Effective Date"** means the day on which last of the conditions specified in Clause 12 (Conditions Precedent) of this Scheme are complied with or otherwise duly waived;

Reference in this Scheme to the date of **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** or **"effect of this Scheme"** or **"upon the Scheme becoming effective"** shall mean the Effective Date;

**"General Reserves"** means and includes the amounts as reflected in the financial statements of the Company, as 'general reserves' under 'Reserves and surplus', which have been built primarily through transfer of retained undistributed profits, pursuant to the provisions of the Companies Act, 1956 and the erstwhile rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975;

**"Person"** means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

**"Retained Earnings"** means and includes the amounts as reflected in the financial statements of the Company, as 'Retained earnings' under 'Reserves and surplus', and representing the cumulative profit / (loss) of the Company;

*Handwritten signature*

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“RoC” means the relevant jurisdictional Registrar of Companies having jurisdiction over the Company;

“INR” means Indian Rupee, the lawful currency of the Republic of India;

“Scheme” or “this Scheme” means this scheme of arrangement as modified from time to time;

“SEBI” means the Securities and Exchange Board of India;

“SEBI LODR Regulations” means SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, and any amendments thereof;

“Stock Exchanges” means BSE Limited and National Stock Exchange of India Limited, collectively;

“Tax Laws” means all Applicable Laws dealing with Taxes including but not limited to income-tax, wealth tax, sales tax / value added tax, service tax, goods and service tax, excise duty, customs duty or any other levy of similar nature;

“Tax” or “Taxes” means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and services tax or otherwise or attributable directly or primarily to the Company or any other Person and all penalties, charges, costs and interest relating thereto; and

“Tribunal” means the Jaipur Bench of the National Company Law Tribunal having jurisdiction over the Company.

1.2 In this Scheme, unless the context otherwise requires:

1.2.1 words denoting the singular shall include the plural and *vice versa*;

1.2.2 headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are for information and convenience only and shall be ignored in construing the same; and

1.2.3 the words “include” and “including” are to be construed without limitation.

*Mandev f*

*Arunbhosha*



## 2. SHARE CAPITAL AND OTHER EQUITY

2.1 The share capital of the Company as on 31 December 2021 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
500,00,00,000 equity shares of Rs 2 each	1000,00,00,000
<b>Total</b>	<b>1000,00,00,000</b>
<b>Issued subscribed and paid-up share capital</b>	
422,53,19,000 equity shares of Rs 2 each	845,06,38,000
<b>Total</b>	<b>845,06,38,000</b>

2.2 The other equity of the Company as on 31 March 2021, is as under:

Other Equity	INR
<u>Reserves and Surplus</u>	
▪ Capital reserve	60,51,911
▪ Retained Earnings	21084,70,82,327
▪ General Reserves	10383,15,26,729
<b>TOTAL</b>	<b>31468,46,60,967</b>

2.3 The Scheme does not seek to reduce or otherwise alter the issued, subscribed and paid-up share capital of the Company in any manner and the same will, therefore, remain unaltered pursuant to the Scheme.

## 3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

This Scheme in its present form or with any modification(s) made as per Clause 11 of this Scheme, shall become effective and operative from the Effective Date.

### PART II

#### CAPITAL REORGANIZATION OF THE COMPANY

## 4. CAPITAL REORGANIZATION OF THE COMPANY

4.1 Upon the Scheme becoming effective and with effect from Appointed Date, amount of INR 10383,15,26,729 standing to the credit of the General Reserves, as appearing in books of accounts of the Company as on the Appointed Date, shall be reclassified, transferred to and shall form part of the Retained Earnings of the Company for the previous financial years, arrived at after providing for depreciation in accordance with the provisions of the Act and remaining undistributed in the manner provided in the Act and other Applicable Laws.

*[Handwritten signature]*

*[Handwritten signature]*



- 4.2 Pursuant to the Scheme, there is no outflow of/ payout of funds from the Company and hence, the interest of the shareholders/ creditors is not adversely affected. For the removal of doubt, it is expressly recorded and clarified that the Scheme shall not in any manner involve distribution of capital reserves or revenue reserves and shall be in accordance with the accounting standards prescribed under provisions of Section 133 of the Act.
- 4.3 The reduction and reorganization of the capital of the Company, as stated in Clause 4.1 above, shall be effected as an integral part of this Scheme itself, and the order of the Tribunal sanctioning this Scheme shall confirm the reduction and reorganization of capital of the Company.
- 4.4 The reduction and reorganization of capital of the Company would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.
- 4.5 Notwithstanding the reduction of capital, as stated in Clause 4.1 above, the Company shall not be required to add 'And Reduced' as suffix to its name.
- 4.6 This Scheme does not envisage transfer or vesting of any of the properties and/ or liabilities of the Company to or in any Person and consequently, the order of the Tribunal to the extent of this Part of the Scheme will not attract any stamp duty.
- 4.7 The Company submits that the proposed reduction and reorganization of capital as above is in conformity with and does not violate or circumscribe any provision of the Act.
- 4.8 All actions taken by the Company pursuant to and in accordance with this Scheme shall be deemed to have not breached any terms and conditions or any other provisions of the law.
- 4.9 This Scheme is an 'arrangement' between the Company and its shareholders under Section 230 of the Act and does not envisage the transfer of vesting of any properties and/ or liabilities as contemplated in Sections 230 to 232 and other applicable provisions of the Act. This Scheme does not involve any 'conveyance' or 'transfer' of any property/ liabilities and does not relate to amalgamation or merger or demerger of companies in terms of Sections 230 to 232 of the Act, and accordingly this Scheme and the order sanctioning this Scheme shall not be deemed to be a conveyance within the meaning of the Rajasthan Stamp Act, 1998, and therefore no stamp duty shall be payable on the Scheme and/ or the order sanctioning this Scheme.
- 4.10 It is clarified that transfer of amounts standing to the credit of General Reserves to the Retained Earnings of the Company in the manner contemplated in Clause 4.1 above, should not entail or should not be deemed as any obligation on the Company for declaration or distribution of any dividend for the purposes of Section 123 of the Act, and the provisions of the said section and rules notified thereunder shall not be applicable.
- 4.11 The approval of the Scheme by the shareholders by the Company shall be deemed to be



sufficient for the purposes of effecting the said capital reorganization of the Company and no further resolution under any other applicable provisions of the Act would be required to be separately passed.

- 4.12 Notwithstanding anything to the contrary in any other instrument, deed or writing, upon the Scheme being sanctioned by the Tribunal, it shall be binding upon the shareholders and all other Persons concerned.

## 5. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANY

- 5.1 Upon this Scheme becoming effective and with effect from the Appointed Date, the amount of INR 10383,15,26,729 standing to the credit of the General Reserves of the Company shall be reclassified and credited to the Retained Earnings of the Company.
- 5.2 For the removal of doubt, it is expressly recorded and clarified that the transfer of amounts standing to the credit of the General Reserves, shall not in any manner involve distribution of capital reserves or revenue reserves other than the general reserves.

## PART III

### GENERAL TERMS & CONDITIONS

## 6. EMPLOYEES

The employees of the Company shall, in no way, be affected by the Scheme, as there is no transfer of employees under the Scheme. On the Scheme becoming effective, all the employees of the Company shall continue with their employment, without any break or interruption in their services, on the same terms and conditions on which they are engaged as on the Effective Date.

## 7. CREDITORS

The creditors of the Company shall, in no way, be affected by the Scheme, as there is no reduction in the amount payable to any of the creditors and no compromise or arrangement is contemplated with the creditors. Further, there is no outflow of cash from the Company. Thus, the Scheme would not, in any way, adversely affect the operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business.

## 8. COMPLIANCE WITH TAX LAWS

The Scheme is in compliance with the applicable Tax Laws. Upon the Scheme becoming effective, the Company shall continue to pay Taxes in accordance with and subject to Applicable Law.

*[Handwritten signature]*

*[Handwritten signature]*



## 9. LEGAL PROCEEDINGS

Upon the Scheme becoming effective, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands and legal proceedings of whatsoever nature by or against the Company pending and/ or arising on or before the Effective Date or which may be instituted any time thereafter shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Company.

## 10. APPLICATIONS/PETITIONS TO THE TRIBUNAL

The Company shall make and file all applications and petitions under Section 230 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.

## 11. MODIFICATION OR AMENDMENTS TO THIS SCHEME

11.1 The Board may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Board may consent to any conditions or limitations or may make any modifications to the Scheme that the Tribunal or any other Appropriate Authority may impose.

11.2 For the purposes of giving effect to this Scheme, the Board may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme.

## 12. CONDITIONS PRECEDENT

12.1 Unless otherwise decided (or waived) by the Board, the Scheme is conditional upon and subject to the following conditions precedent:

12.1.1 obtaining no-objection letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the SEBI LODR Regulations;

12.1.2 approval of the Scheme by the requisite majority of shareholders and/ or such other Persons, as applicable or as may be required under the Act and as may be directed by the Tribunal;

12.1.3 the sanctions and orders of the Tribunal, under Section 230 of the Act being obtained by the Company;

12.1.4 the certified copy of the orders of the Tribunal being filed with the RoC by the Company; and

*Mandir*

*Arundhati*



12.1.5 the requisite consent, approval or permission of Appropriate Authority which by Applicable Law may be necessary for the implementation of this Scheme.

12.2 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that Company may have under or pursuant to all Applicable Laws.

### 13. WITHDRAWAL OF THIS SCHEME AND NON-RECEIPT OF APPROVALS

13.1 The Company shall be at liberty to withdraw the Scheme, any time before the Scheme is effective.

13.2 In the event of withdrawal of the Scheme under Clause 13.1 above, no rights and liabilities whatsoever shall accrue or be incurred by the Company or its shareholders or creditors or employees or any other Person.

13.3 In the event of any of the requisite sanctions and approvals not being obtained on or before such date as may be decided by the Company, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred upon the Company or their shareholders or creditors or employees or any other Person in terms of this Scheme.

### 14. COSTS AND EXPENSES

All costs, charges, taxes, duties, levies, fees and expenses, if any, to the extent applicable and payable in connection with this Scheme, shall be borne and paid by the Company.

*[Handwritten signature]*

*[Handwritten signature]*







## HINDUSTAN ZINC LIMITED

Regd Office: Yashad Bhawan, Udaipur - 313004

PBX No. 0294-6604000, CIN - L27204RJ1966PLC001208, www.hzindia.com



## STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2022

(₹ in Crore, except as stated)

	PARTICULARS	Quarter ended			Nine Months ended		Year ended
		31.12.2022	30.09.2022	31.12.2021	31.12.2022	31.12.2021	31.03.2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from operations	7,628	8,127	7,841	24,991	20,177	28,790
2	Other operating income	238	209	149	598	466	650
3	Other income	348	367	279	1,025	939	1,216
	<b>Total Income</b>	<b>8,214</b>	<b>8,703</b>	<b>8,269</b>	<b>26,614</b>	<b>21,582</b>	<b>30,656</b>
4	<b>Expenses</b>						
	a. Changes in inventories of finished goods & WIP	52	(28)	78	110	(49)	(278)
	b. Employee benefit expense	189	229	177	627	527	718
	c. Depreciation and amortisation	807	798	741	2,336	2,101	2,917
	d. Power and fuel	1,003	983	702	2,869	1,683	2,452
	e. Mining royalty	929	954	933	2,947	2,489	3,667
	f. Finance costs	62	51	50	157	224	290
	g. Other expenses	1,986	1,791	1,730	5,785	4,730	6,656
	Total expenses	5,028	4,778	4,411	14,831	11,705	16,422
5	<b>Profit before tax and exceptional item</b>	<b>3,186</b>	<b>3,925</b>	<b>3,858</b>	<b>11,783</b>	<b>9,877</b>	<b>14,234</b>
6	Exceptional item	-	-	-	-	(134)	(134)
7	<b>Profit Before Tax</b>	<b>3,186</b>	<b>3,925</b>	<b>3,858</b>	<b>11,783</b>	<b>9,743</b>	<b>14,100</b>
8	<b>Tax Expense</b>						
	Current tax	530	1,009	667	2,641	1,682	2,445
	Deferred tax	500	236	490	1,214	1,360	2,026
	<b>Net Tax Expense</b>	<b>1,030</b>	<b>1,245</b>	<b>1,157</b>	<b>3,855</b>	<b>3,042</b>	<b>4,471</b>
9	<b>Net Profit</b>	<b>2,156</b>	<b>2,680</b>	<b>2,701</b>	<b>7,928</b>	<b>6,701</b>	<b>9,629</b>
10	<b>Other Comprehensive Income/(Loss)</b>						
(i)	(a) Items that will not be reclassified to profit or loss	-	4	-	4	23	15
	(b) Income tax relating to above	-	(1)	-	(1)	(8)	(6)
(ii)	(a) Items that will be reclassified to profit or loss	(39)	(520)	-	108	-	(98)
	(b) Income tax relating to above	17	182	-	(37)	-	34
	<b>Total Other Comprehensive Income/(Loss)</b>	<b>(22)</b>	<b>(335)</b>	<b>-</b>	<b>74</b>	<b>15</b>	<b>(55)</b>
11	<b>Total Comprehensive Income for the period/year</b>	<b>2,134</b>	<b>2,345</b>	<b>2,701</b>	<b>8,002</b>	<b>6,716</b>	<b>9,574</b>
12	Paid up Equity Share Capital (face value ₹ 2 each)	845	845	845	845	845	845
13	Reserves as shown in the Audited Balance Sheet						33,436
14	Earnings Per Share in ₹ (of ₹ 2 each) (not annualised except for year ended March):						
	a. Basic	5.10	6.34	6.39	18.76	15.86	22.79
	b. Diluted	5.10	6.34	6.39	18.76	15.86	22.79

*Arundhan*

## REPORTING OF SEGMENT WISE CONSOLIDATED REVENUE, RESULTS AND CAPITAL EMPLOYED

₹ in Crore

PARTICULARS		Quarter ended			Nine Months ended		Year ended
		31.12.2022	30.09.2022	31.12.2021	31.12.2022	31.12.2021	31.03.2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1</b>	<b>Segment Revenue</b>						
a)	Zinc, Lead and Silver						
	(i) Zinc, Lead, others	6,630	6,999	6,737	21,695	16,867	24,418
	(ii) Silver Metal	983	1,079	1,081	3,171	3,170	4,206
	<b>Total</b>	<b>7,613</b>	<b>8,078</b>	<b>7,818</b>	<b>24,866</b>	<b>20,037</b>	<b>28,624</b>
b)	Wind Energy	15	49	23	125	140	166
	<b>Revenue from operations</b>	<b>7,628</b>	<b>8,127</b>	<b>7,841</b>	<b>24,991</b>	<b>20,177</b>	<b>28,790</b>
	Other Operating Income	238	209	149	598	466	650
	<b>Total Operating income</b>	<b>7,866</b>	<b>8,336</b>	<b>7,990</b>	<b>25,589</b>	<b>20,643</b>	<b>29,440</b>
<b>2</b>	<b>Segment Result</b>						
a)	Zinc, Lead and Silver						
	(i) Zinc, Lead, others	2,109	2,641	2,714	8,307	6,352	9,667
	(ii) Silver Metal	830	959	966	2,772	2,839	3,738
	<b>Total</b>	<b>2,939</b>	<b>3,600</b>	<b>3,680</b>	<b>11,079</b>	<b>9,191</b>	<b>13,405</b>
b)	Wind Energy	11	31	5	85	90	100
	<b>Profit before interest and tax</b>	<b>2,950</b>	<b>3,631</b>	<b>3,685</b>	<b>11,164</b>	<b>9,281</b>	<b>13,505</b>
	Less: Interest	62	51	50	157	224	290
	Add : Exceptional item	-	-	-	-	(134)	(134)
	Add : Other unallocable income net of unallocable expenditure	298	345	223	776	820	1,019
	<b>Profit before Tax</b>	<b>3,186</b>	<b>3,925</b>	<b>3,858</b>	<b>11,783</b>	<b>9,743</b>	<b>14,100</b>
a)	<b>Segment Assets</b>						
	Zinc, Lead and Silver	22,376	23,063	21,431	22,376	21,431	22,330
b)	Wind Energy	541	595	630	541	630	586
c)	Unallocated	17,540	18,889	18,534	17,540	18,534	21,754
		<b>40,457</b>	<b>42,547</b>	<b>40,595</b>	<b>40,457</b>	<b>40,595</b>	<b>44,670</b>
a)	<b>Segment Liabilities</b>						
	Zinc, Lead and Silver	5,737	6,247	5,689	5,737	5,689	6,183
b)	Wind Energy	14	14	14	14	14	12
c)	Unallocated	7,845	5,010	3,468	7,845	3,468	4,194
		<b>13,596</b>	<b>11,271</b>	<b>9,171</b>	<b>13,596</b>	<b>9,171</b>	<b>10,389</b>
	<b>Capital Employed</b>	<b>26,861</b>	<b>31,276</b>	<b>31,424</b>	<b>26,861</b>	<b>31,424</b>	<b>34,281</b>

Arunthara

1)	<b>NOTES:</b> The above consolidated results of Hindustan Zinc Limited("the company") and its subsidiaries("the Group") for the quarter and nine months ended December 31, 2022 have been reviewed by Audit Committee and approved by the Board of Directors in its meeting held on January 19, 2023 and have been subjected to a limited review by the statutory auditors of the company.						
2)	During the previous quarter, the company had incorporated its wholly owned subsidiaries namely "Hindustan Zinc Fertilisers Private Limited" (HZFPL) and "Zinc India Foundation" (ZIF) (Section 8 company).						
3)	Additional disclosures as per Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:						
<b>S.No</b>	<b>PARTICULARS</b>	<b>Quarter ended</b>			<b>Nine Months ended</b>		<b>Year ended</b>
		<b>31.12.2022</b>	<b>30.09.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.03.2022</b>
1	<b>Operating margin (%)</b> Earning before Interest and Tax(EBIT)/Revenue from operations (including Other operating income)	<b>37%</b>	43%	46%	<b>43%</b>	44%	45%
2	<b>Net Profit margin (%)</b> Net Profit after tax (PAT) before exceptional items/Revenue from operations (including Other operating income)	<b>27%</b>	32%	34%	<b>31%</b>	33%	33%
3	<b>Debt Service Coverage Ratio (in times) (not annualized)</b> Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items/Interest expense on long term and short term borrowing during the period + Scheduled principal repayment of long term borrowing during the period	<b>67.34</b>	5.86	5.54	<b>15.85</b>	4.68	6.64
4	<b>Interest Service Coverage Ratio (in times) (not annualized)</b> Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items/Interest expense on long term and short term borrowing during the period	<b>67.34</b>	98.80	101.75	<b>95.45</b>	53.74	65.69
5	<b>Bad debts to Account receivable ratio (%) (not annualized)</b> Bad Debts written off/Average Trade Receivable	-	-	-	-	-	-
6	<b>Debtor Turnover ratio (in times) (not annualized)</b> Revenue from operations(including Other operating income)/Average Trade Receivable	<b>20.59</b>	14.61	13.79	<b>46.15</b>	37.22	52.48
7	<b>Inventory Turnover ratio (in times) (not annualized)</b> Revenue from operations - Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items/ Average Inventory	<b>1.89</b>	1.63	2.15	<b>6.41</b>	6.17	7.79
8	<b>Debt-Equity Ratio (in times)</b> Debt/Net worth [Debt is long term borrowing (current & non current portion) and Short Term Borrowing]	<b>0.19</b>	0.07	0.09	<b>0.19</b>	0.09	0.08
9	<b>Current Ratio (in times)</b> Current Assets/Current Liabilities	<b>1.88</b>	2.57	3.65	<b>1.88</b>	3.65	3.94
10	<b>Current Liability Ratio (in times)</b> Current Liabilities/Total Liabilities	<b>0.75</b>	0.74	0.61	<b>0.75</b>	0.61	0.59
11	<b>Total Debts to Total Assets (in times)</b> Long term borrowing (current & non current portion) + Short Term Borrowing / Total Assets	<b>0.13</b>	0.05	0.07	<b>0.13</b>	0.07	0.06
12	<b>Long Term Debt to Working Capital (in times)</b> Long term borrowing (current & non current portion) / (Current Assets - Current Liabilities excluding current maturities of long term borrowing)	<b>0.19</b>	0.14	0.18	<b>0.19</b>	0.18	0.15
13	<b>Net Worth (₹ in Crore)</b>	<b>26,861</b>	31,276	31,424	<b>26,861</b>	31,424	34,281
4)	During the previous quarter, the Company had entered into Power delivery agreement ('PDA') with Serentica Renewables India 4 Private Limited ('Serentica') for sourcing of 200 MW (contracted capacity) renewable power on RTC basis under group captive arrangement for 25 years on long term basis. Under the terms of the PDA, Company is expected to infuse equity of approximately ₹ 350 Crore for twenty six percent in Serentica. The Company had made an investment of ₹ 105 Crore as per PDA during the previous quarter.						
5)	During the current quarter, the Board of Directors on November 16, 2022 have declared second interim dividend of ₹ 15.50 per equity share aggregating to ₹ 6,549 Crore, with the record date of November 24, 2022. Further, the Board of Directors on January 19, 2023 have declared third interim dividend of ₹ 13 per equity share aggregating to ₹ 5493 Crore, with the record date of January 30, 2023. With this, the total dividend declared for FY 2022-23 currently stands at ₹ 49.50 per equity share.						
6)	The Audit Committee and Board of Directors of the Company in their meetings held on January 19, 2023 have approved payment towards usage of brand and strategic management services to Vedanta Limited ("Holding company") at 2% of the consolidated turnover of the Company effective from October 1, 2022, to be accounted for post the agreement being signed off between the parties.						
7)	Figures for previous year and quarters have been revised or reclassified, wherever necessary for consistency.						
	<p>By Order of the Board</p>  <b>Arun Misra</b> <b>CEO and Whole-time director</b>						
	<p><b>Date: January 19, 2023</b>  <b>Place: Udaipur</b></p>						


**HINDUSTAN ZINC LIMITED**

Regd Office: Yashad Bhawan, Udaipur - 313004

PBX No. 0294-6604000, CIN - L27204RJ1966PLC001208, www.hzindia.com


**STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2022**

(₹ in Crore, except as stated)

	PARTICULARS	Quarter ended			Nine Months ended		Year ended
		31.12.2022	30.09.2022	31.12.2021	31.12.2022	31.12.2021	31.03.2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from operations	7,628	8,127	7,841	24,991	20,177	28,790
2	Other operating income	238	209	149	598	466	650
3	Other income	349	367	279	1,026	939	1,216
	<b>Total Income</b>	<b>8,215</b>	<b>8,703</b>	<b>8,269</b>	<b>26,615</b>	<b>21,582</b>	<b>30,656</b>
4	<b>Expenses</b>						
	a. Changes in inventories of finished goods & WIP	52	(28)	78	110	(49)	(278)
	b. Employee benefit expense	188	228	177	625	527	717
	c. Depreciation and amortisation	807	798	741	2,336	2,101	2,917
	d. Power and fuel	1,003	983	702	2,869	1,683	2,452
	e. Mining royalty	929	954	933	2,947	2,489	3,667
	f. Finance costs	62	51	50	157	224	290
	g. Other expenses	1,987	1,791	1,730	5,785	4,730	6,656
	Total expenses	5,028	4,777	4,411	14,829	11,705	16,421
5	<b>Profit before tax and exceptional item</b>	<b>3,187</b>	<b>3,926</b>	<b>3,858</b>	<b>11,786</b>	<b>9,877</b>	<b>14,235</b>
6	Exceptional item	-	-	-	-	(134)	(134)
7	<b>Profit Before Tax</b>	<b>3,187</b>	<b>3,926</b>	<b>3,858</b>	<b>11,786</b>	<b>9,743</b>	<b>14,101</b>
8	<b>Tax Expense</b>						
	Current tax	530	1,009	667	2,641	1,682	2,445
	Deferred tax	500	236	490	1,214	1,360	2,026
	<b>Net Tax Expense</b>	<b>1,030</b>	<b>1,245</b>	<b>1,157</b>	<b>3,855</b>	<b>3,042</b>	<b>4,471</b>
9	<b>Net Profit</b>	<b>2,157</b>	<b>2,681</b>	<b>2,701</b>	<b>7,931</b>	<b>6,701</b>	<b>9,630</b>
10	<b>Other Comprehensive Income/(Loss)</b>						
(i)	(a) Items that will not be reclassified to profit or loss	-	4	-	4	23	15
	(b) Income tax relating to above	-	(1)	-	(1)	(8)	(6)
(ii)	(a) Items that will be reclassified to profit or loss	(39)	(520)	-	108	-	(98)
	(b) Income tax relating to above	17	182	-	(37)	-	34
	<b>Total Other Comprehensive Income/(Loss)</b>	<b>(22)</b>	<b>(335)</b>	<b>-</b>	<b>74</b>	<b>15</b>	<b>(55)</b>
11	<b>Total Comprehensive Income for the period/year</b>	<b>2,135</b>	<b>2,346</b>	<b>2,701</b>	<b>8,005</b>	<b>6,716</b>	<b>9,575</b>
12	Paid up Equity Share Capital (face value ₹ 2 each)	845	845	845	845	845	845
13	Reserves as shown in the Audited Balance Sheet						33,437
14	Earnings Per Share in Rs. (of ₹ 2 each) (not annualised except for year ended March):						
	a. Basic	5.10	6.35	6.39	18.77	15.86	22.79
	b. Diluted	5.10	6.35	6.39	18.77	15.86	22.79

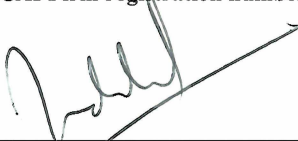
S.No	PARTICULARS	Quarter ended			Nine Months ended		Year ended
		31.12.2022	30.09.2022	31.12.2021	31.12.2022	31.12.2021	31.03.2022
1)	<b>NOTES:</b>						
2)	The above results of Hindustan Zinc Limited("the company") for the quarter and nine months ended December 31, 2022 have been reviewed by Audit Committee and approved by the Board of Directors in its meeting held on January 19, 2023 and have been subjected to a limited review by the statutory auditors of the company.						
	Additional disclosures as per Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:						
1	<b>Operating margin (%)</b> Earning before Interest and Tax(EBIT)/Revenue from operations (including Other operating income)	37%	43%	46%	43%	44%	45%
2	<b>Net Profit margin (%)</b> Net Profit after tax (PAT) before exceptional items/Revenue from operations (including Other operating income)	27%	32%	34%	31%	33%	33%
3	<b>Debt Service Coverage Ratio (in times) (not annualized)</b> Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items/Interest expense on long term and short term borrowing during the period + Scheduled principal repayment of long term borrowing during the period	67.34	5.87	5.54	15.86	4.68	6.64
4	<b>Interest Service Coverage Ratio (in times) (not annualized)</b> Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items/Interest expense on long term and short term borrowing during the period	67.34	98.87	101.75	95.47	53.74	65.69
5	<b>Bad debts to Account receivable ratio (%) (not annualized)</b> Bad Debts written off/Average Trade Receivable	-	-	-	-	-	-
6	<b>Debtor Turnover ratio (in times) (not annualized)</b> Revenue from operations(including Other operating income)/Average Trade Receivable	20.59	14.61	13.79	46.15	37.22	52.48
7	<b>Inventory Turnover ratio (in times) (not annualized)</b> Revenue from operations - Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items/ Average Inventory	1.89	1.62	2.15	6.41	6.17	7.79
8	<b>Debt-Equity Ratio (in times)</b> Debt/Net worth [Debt is long term borrowing (current & non current portion) and Short Term Borrowing]	0.19	0.07	0.09	0.19	0.09	0.08
9	<b>Current Ratio (in times)</b> Current Assets/Current Liabilities	1.89	2.57	3.65	1.89	3.65	3.94
10	<b>Current Liability Ratio (in times)</b> Current Liabilities/Total Liabilities	0.75	0.74	0.61	0.75	0.61	0.59
11	<b>Total Debts to Total Assets (in times)</b> Long term borrowing (current & non current portion) + Short Term Borrowing / Total Assets	0.13	0.05	0.07	0.13	0.07	0.06
12	<b>Long Term Debt to Working Capital (in times)</b> Long term borrowing (current & non current portion) / (Current Assets - Current Liabilities excluding current maturities of long term borrowing)	0.19	0.14	0.18	0.19	0.18	0.15
13	<b>Net Worth (₹ in Crore)</b>	26,865	31,279	31,424	26,865	31,424	34,282
3)	The Company publishes standalone financial results along with the consolidated financial results, hence the Company has disclosed the segment information in its consolidated financial results in accordance with Ind AS 108 "Operating Segments".						
4)	During the previous quarter, the Company had entered into Power delivery agreement ('PDA') with Serentica Renewables India 4 Private Limited ('Serentica') for sourcing of 200 MW (contracted capacity) renewable power on RTC basis under group captive arrangement for 25 years on long term basis. Under the terms of the PDA, Company is expected to infuse equity of approximately ₹ 350 Crore for twenty six percent in Serentica. The Company had made an investment of ₹ 105 Crore as per PDA during the previous quarter.						
5)	During the current quarter, the Board of Directors on November 16, 2022 have declared second interim dividend of ₹ 15.50 per equity share aggregating to ₹ 6,549 Crore, with the record date of November 24, 2022. Further, the Board of Directors on January 19, 2023 have declared third interim dividend of ₹ 13 per equity share aggregating to ₹ 5493 Crore, with the record date of January 30, 2023. With this, the total dividend declared for FY 2022-23 currently stands at ₹ 49.50 per equity share.						
6)	The Audit Committee and Board of Directors of the Company in their meetings held on January 19, 2023 have approved payment towards usage of brand and strategic management services to Vedanta Limited ("Holding company") at 2% of the consolidated turnover of the Company effective from October 1, 2022, to be accounted for post the agreement being signed off between the parties.						
7)	Figures for previous year and quarters have been revised or reclassified, wherever necessary for consistency.						
	By Order of the Board						
							
	Arun Misra CEO and Whole-time director						
	Date: January 19, 2023 Place: Udaipur						

**Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**Review Report to  
The Board of Directors  
Hindustan Zinc Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Hindustan Zinc Limited (the "Company") for the quarter ended December 31, 2022 and year to date from April 01, 2022 to December 31, 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ("Ind AS") specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For S.R. BATLIBOI & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005

  
per **Tridival Khandelwal**  
Partner  
Membership No.: 501160  
UDIN: 23501160BGYHBI4963  
Place: Pune  
Date: January 19, 2023



**Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended****Review Report to  
The Board of Directors  
Hindustan Zinc Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Hindustan Zinc Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), for the quarter ended December 31, 2022 and year to date from April 01, 2022 to December 31, 2022 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Holding Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. The Statement has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:
  - a. Hindustan Zinc Alloys Private Limited
  - b. Vedanta Zinc Football & Sports Foundation
  - c. Zinc India Foundation
  - d. Hindustan Zinc Fertilisers Private Limited
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.



**S.R. BATLIBOI & Co. LLP**

Chartered Accountants

6. The accompanying Statement includes the unaudited interim financial results in respect of:
- 3 subsidiaries, whose unaudited interim financial results include total revenues of Rs. 230 Lakhs and Rs. 350 Lakhs, total net profit/(loss) after tax of Rs. 82 Lakhs and (Rs. 148 Lakhs), total comprehensive income/(loss) of Rs. 82 Lakhs and (Rs. 148 Lakhs), for the quarter ended December 31, 2022 and the period ended on that date respectively, as considered in the Statement which have been reviewed by their respective independent auditors.

The independent auditor's reports on interim financial results of these entities have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of such auditors and procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement in respect of matters stated in para 6 is not modified with respect to our reliance on the work done and the reports of the other auditors.

**For S.R. BATLIBOI & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

per **Tridevjal Khandelwal**

Partner

Membership No.: 501160

UDIN: 23501160BGYHBJ2807

Place: Pune

Date: January 19, 2023







## HINDUSTAN ZINC LIMITED

Regd Office: Yashad Bhawan, Udaipur - 313004



PBX No. 0294-6604000, CIN - L27204RJ1966PLC001208, www.hzindia.com

## STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2022

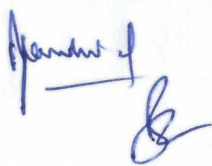

₹ in Crore

	PARTICULARS	Quarter ended			Year ended	
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
		Audited (Refer Note 8)	Unaudited	Audited (Refer Note 8)	Audited	Audited
1	Revenue from operations	8,613	7,841	6,725	28,790	22,071
2	Other operating income	184	149	222	650	558
3	Other income	277	279	295	1,216	1,819
	<b>Total Income</b>	<b>9,074</b>	<b>8,269</b>	<b>7,242</b>	<b>30,656</b>	<b>24,448</b>
4	<b>Expenses</b>					
	a. Changes in inventories of finished goods & WIP	(229)	78	(95)	(278)	239
	b. Employee benefit expense	191	177	170	718	760
	c. Depreciation and amortisation	816	741	696	2,917	2,531
	d. Power and fuel	769	702	469	2,452	1,732
	e. Mining royalty	1,178	933	893	3,667	2,759
	f. Finance costs	66	50	131	290	386
	g. Other expenses	1,926	1,730	1,635	6,656	5,467
	Total expenses	4,717	4,411	3,899	16,422	13,874
5	<b>Profit before tax and exceptional item</b>	<b>4,357</b>	<b>3,858</b>	<b>3,343</b>	<b>14,234</b>	<b>10,574</b>
6	Exceptional item	-	-	-	(134)	-
7	<b>Profit Before Tax</b>	<b>4,357</b>	<b>3,858</b>	<b>3,343</b>	<b>14,100</b>	<b>10,574</b>
8	<b>Tax Expense</b>					
	Current tax	763	667	578	2,445	1,827
	Deferred tax	666	490	284	2,026	767
	<b>Net Tax Expense (Refer Note 5)</b>	<b>1,429</b>	<b>1,157</b>	<b>862</b>	<b>4,471</b>	<b>2,594</b>
9	<b>Net Profit</b>	<b>2,928</b>	<b>2,701</b>	<b>2,481</b>	<b>9,629</b>	<b>7,980</b>
10	<b>Other Comprehensive (Loss)/Income</b>					
(i)	(a) Items that will not be reclassified to profit or loss	(8)	-	(9)	15	(7)
	(b) Income tax relating to above	2	-	3	(6)	2
(ii)	(a) Items that will be reclassified to profit or loss	(98)	-	-	(98)	-
	(b) Income tax relating to above	34	-	-	34	-
	<b>Total Other Comprehensive (Loss)/Income</b>	<b>(70)</b>	<b>-</b>	<b>(6)</b>	<b>(55)</b>	<b>(5)</b>
11	<b>Total Comprehensive Income for the period/year</b>	<b>2,858</b>	<b>2,701</b>	<b>2,475</b>	<b>9,574</b>	<b>7,975</b>
12	Paid up Equity Share Capital (face value ₹ 2 each)	845	845	845	845	845
13	Reserves as shown in the Audited Balance Sheet				33,436	31,468
14	Earnings Per Share in Rs. (of ₹ 2 each) (not annualised except for year ended March):					
	a. Basic	6.93	6.39	5.87	22.79	18.89
	b. Diluted	6.93	6.39	5.87	22.79	18.89

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CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022		₹ in Crore	
PARTICULARS	As at 31.03.2022	As at 31.03.2021	
	Audited	Audited	
<b>A. ASSETS</b>			
<b>1. Non current assets</b>			
a) Property, plant and equipment	17,165	16,447	
b) Capital work in progress	2,075	1,922	
c) Intangible assets	231	361	
d) Financial assets			
i) Loans	2	1	
ii) Other financial assets	56	54	
e) Deferred tax assets (net)	-	1,058	
f) Other non current assets	275	431	
g) Income tax assets	884	885	
<b>Sub-total - Non current assets</b>	<b>20,688</b>	<b>21,159</b>	
<b>2. Current assets</b>			
a) Inventories	1,953	1,425	
b) Financial assets			
i) Investments	15,052	12,957	
ii) Trade receivables	716	406	
iii) Cash and cash equivalents	1,592	313	
iv) Bank balances other than (iii) above	4,171	9,063	
v) Loans	2	2	
vi) Other financial assets	33	53	
c) Other current assets	463	349	
<b>Sub-total - Current assets</b>	<b>23,982</b>	<b>24,568</b>	
<b>Total - Assets</b>	<b>44,670</b>	<b>45,727</b>	
<b>B. EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
a) Equity share capital	845	845	
b) Other equity	33,436	31,468	
<b>Sub-total - Equity</b>	<b>34,281</b>	<b>32,313</b>	
<b>2. Non current liabilities</b>			
a) Financial liabilities			
i) Borrowings	2,111	4,312	
ia) Lease Liabilities	6	8	
ii) Other financial liabilities	0	0	
b) Other non current liabilities	1,024	1,036	
c) Provisions	212	182	
d) Deferred tax liabilities (net)	942	-	
<b>Sub-total - Non current liabilities</b>	<b>4,295</b>	<b>5,538</b>	
<b>3. Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	712	2,865	
ia) Lease Liabilities	15	16	
ii) Operational buyers' Credit/ suppliers' credit	280	-	
iii) Trade payables	2,038	1,545	
iv) Other financial liabilities	1,901	1,251	
b) Other current liabilities	860	1,947	
c) Provisions	32	70	
d) Current tax liabilities	256	182	
<b>Sub-total - Current liabilities</b>	<b>6,094</b>	<b>7,876</b>	
<b>Total - Equity and Liabilities</b>	<b>44,670</b>	<b>45,727</b>	



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022**

₹ in Crore

	PARTICULARS	Year ended	Year ended
		31.03.2022	31.03.2021
		Audited	Audited
<b>(A)</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
	Net profit before tax	14,100	10,574
	<b>Adjustments to reconcile profit to net cash provided by operating activities:</b>		
	Depreciation and amortization expense	2,917	2,531
	Interest expense	290	386
	Interest income	(838)	(941)
	Amortization of deferred revenue arising from government grant	(135)	(120)
	Net loss/(gain) on investments measured at FVTPL	28	(400)
	Net (gain) on sale of property, plant and equipment	(11)	(42)
	Net (gain) on sale of financial asset investments	(205)	(304)
	Charge pertaining to Amnesty Scheme	134	-
	<b>Operating profit before working capital changes</b>	<b>16,280</b>	<b>11,684</b>
	<b>Changes in assets and liabilities</b>		
	(Increase)/Decrease in Inventories	(528)	411
	(Increase) in Trade receivables	(310)	(26)
	(Increase) in Other current assets	(94)	(52)
	Decrease in Other non current assets	4	12
	Increase in Trade and Other payables	773	58
	(Decrease)/Increase in Other current liabilities	(1,043)	235
	<b>Cash flows from operations</b>	<b>15,082</b>	<b>12,322</b>
	Income taxes paid(net of refund)	(2,391)	(1,755)
	<b>Net cash flows from operating activities</b>	<b>12,691</b>	<b>10,567</b>
<b>(B)</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
	Purchases of property, plant and equipment (including intangibles, CWIP and Capital Advances)	(2,998)	(2,481)
	Interest received	936	1,507
	Deposits made during the year	(5,500)	(9,952)
	Deposits matured during the year	10,227	1,244
	Purchase of current investments	(46,753)	(41,385)
	Proceeds from sale of current investments	44,904	48,578
	Proceeds from sale of property, plant and equipment	30	54
	<b>Net cash flows from/(used in) investing activities</b>	<b>846</b>	<b>(2,435)</b>
<b>(C)</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
	Interest and other finance charges paid	(332)	(244)
	Proceeds from short term borrowings	9	13,473
	Repayment of short term borrowings	(2,120)	(11,965)
	Proceeds from long term borrowings	-	5,016
	Repayment of long term borrowings	(2,204)	-
	Payment of principal portion of lease liabilities	(5)	(5)
	Dividend and tax paid thereon	(7,606)	(15,972)
	<b>Net cash flows (used in)/from financing activities</b>	<b>(12,258)</b>	<b>(9,697)</b>
	Net increase in cash and cash equivalents	1,279	(1,565)
	Cash and cash equivalents at the beginning of the year	313	1,878
	<b>Cash and cash equivalents at the end of the year</b>	<b>1,592</b>	<b>313</b>

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## REPORTING OF SEGMENT WISE CONSOLIDATED REVENUE, RESULTS AND CAPITAL EMPLOYED

₹ in Crore

PARTICULARS		Quarter ended			Year ended	
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
		Audited (Refer Note 8)	Unaudited	Audited (Refer Note 8)	Audited	Audited
<b>1</b>	<b>Segment Revenue</b>					
a)	Zinc, Lead and Silver					
	(i) Zinc, Lead, others	7,551	6,737	5,350	24,418	17,550
	(ii) Silver Metal	1,036	1,081	1,350	4,206	4,382
	<b>Total</b>	<b>8,587</b>	<b>7,818</b>	<b>6,700</b>	<b>28,624</b>	<b>21,932</b>
b)	Wind Energy	26	23	25	166	139
	<b>Revenue from operations</b>	<b>8,613</b>	<b>7,841</b>	<b>6,725</b>	<b>28,790</b>	<b>22,071</b>
	Other Operating Income	184	149	222	650	558
	<b>Total operating income</b>	<b>8,797</b>	<b>7,990</b>	<b>6,947</b>	<b>29,440</b>	<b>22,629</b>
<b>2</b>	<b>Segment Result</b>					
a)	Zinc, Lead and Silver					
	(i) Zinc, Lead, others	3,315	2,714	1,972	9,667	5,400
	(ii) Silver Metal	899	966	1,226	3,738	3,851
	<b>Total</b>	<b>4,214</b>	<b>3,680</b>	<b>3,198</b>	<b>13,405</b>	<b>9,251</b>
b)	Wind Energy	10	5	12	100	78
	<b>Profit before interest and tax</b>	<b>4,224</b>	<b>3,685</b>	<b>3,210</b>	<b>13,505</b>	<b>9,329</b>
	Less: Interest	66	50	131	290	386
	Add : Exceptional item	-	-	-	(134)	-
	Add : Other unallocable income net of unallocable expenditure	199	223	264	1,019	1,631
	<b>Profit before Tax</b>	<b>4,357</b>	<b>3,858</b>	<b>3,343</b>	<b>14,100</b>	<b>10,574</b>
	<b>Segment Assets</b>					
a)	Zinc, Lead and Silver	22,330	21,431	20,753	22,330	20,753
b)	Wind Energy	586	630	624	586	624
c)	Unallocated	21,754	18,534	24,350	21,754	24,350
		<b>44,670</b>	<b>40,595</b>	<b>45,727</b>	<b>44,670</b>	<b>45,727</b>
	<b>Segment Liabilities</b>					
a)	Zinc, Lead and Silver	6,183	5,689	5,883	6,183	5,883
b)	Wind Energy	12	14	20	12	20
c)	Unallocated	4,194	3,468	7,511	4,194	7,511
		<b>10,389</b>	<b>9,171</b>	<b>13,414</b>	<b>10,389</b>	<b>13,414</b>
	<b>Capital Employed</b>	<b>34,281</b>	<b>31,424</b>	<b>32,313</b>	<b>34,281</b>	<b>32,313</b>

Handwritten signatures and initials in blue ink.

- 1) **NOTES:**  
The above consolidated results of Hindustan Zinc Limited("the company") and its subsidiaries("the Group") for the quarter and year ended March 31, 2022 have been reviewed by Audit Committee and approved by the Board of Directors in its meeting held on April 22, 2022.
- 2) During the previous quarter ended December 31, 2021, the company had incorporated its wholly owned subsidiaries namely "Hindustan Zinc Alloys Private Limited" (HZAPL) on November 17, 2021 and "Vedanta Zinc Football & Sports Foundation" (Section 8 company) on December 21, 2021, pursuant to which the Company had prepared its first consolidated financial results in the previous quarter. Accordingly, the comparative figures presented in the consolidated financial results for the quarter and year ended March 31, 2021 represent standalone figures of the Holding Company.
- 3) Exceptional expense of ₹ 134 Crore (March 31, 2021 : Nil) during the current year ended March 31, 2022 represents amount charged in respect of settlement of entry tax dispute under Amnesty scheme launched by the Government of Rajasthan.
- 4) During the previous quarter ended December 31, 2021, the Board of Directors had declared an interim dividend of ₹ 18 /- per share in its meeting held on December 07, 2021.
- 5) Net Tax expense for current year and quarter ended March 31, 2022 includes ₹ (79) crore and ₹ (9) crore respectively pertaining to previous year.
- 6) Additional disclosures as per Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirement) Regulations, 2015:

S.No	PARTICULARS	Quarter ended			Year ended	
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
1	<b>Operating margin (%)</b> Earning before Interest and Tax(EBIT)/Revenue from operations (including Other operating income)	48%	46%	46%	45%	41%
2	<b>Net Profit margin (%)</b> Net Profit after tax (PAT) before exceptional items/Revenue from operations (including Other operating income)	33%	34%	36%	33%	35%
3	<b>Debt Service Coverage Ratio (in times) (not annualized)</b> Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items/Interest expense on long term and short term borrowing during the period + Scheduled principal repayment of long term borrowing during the period	131.68	5.54	34.94	6.64	34.26
4	<b>Interest Service Coverage Ratio (in times) (not annualized)</b> Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items/Interest expense on long term and short term borrowing during the period	131.68	101.75	34.94	65.69	34.26
5	<b>Bad debts to Account receivable ratio (%) (not annualized)</b> Bad Debts written off/Average Trade Receivable	-	-	-	-	-
6	<b>Debtor Turnover ratio (in times) (not annualized)</b> Revenue from operations(including Other operating income)/Average Trade Receivable	12.39	13.79	17.15	52.48	57.65
7	<b>Inventory Turnover ratio (in times) (not annualized)</b> Revenue from operations - Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items/ Average Inventory	2.13	2.15	2.12	7.79	6.68
8	<b>Debt-Equity Ratio (in times)</b> Debt/Net worth [Debt is long term borrowing (current & non current portion) and Short Term Borrowing]	0.08	0.09	0.22	0.08	0.22
9	<b>Current Ratio (in times)</b> Current Assets/Current Liabilities	3.94	3.65	3.12	3.94	3.12
10	<b>Current Liability Ratio (in times)</b> Current Liabilities/Total Liabilities	0.59	0.61	0.59	0.59	0.59
11	<b>Total Debts to Total Assets (in times)</b> Long term borrowing (current & non current portion) + Short Term Borrowing / Total Assets	0.06	0.07	0.16	0.06	0.16
12	<b>Long Term Debt to Working Capital (in times)</b> Long term borrowing (current & non current portion) / (Current Assets - Current Liabilities excluding current maturities of long term borrowing)	0.15	0.18	0.30	0.15	0.30
13	<b>Net Worth (Rs. In Crore)</b>	34,281	31,424	32,313	34,281	32,313

- 7) Figures for previous year and quarters have been revised or reclassified , wherever necessary for consistency.
- 8) The figures of the quarter ended March 31, 2022 and corresponding quarter ended March 31, 2021 are the balancing figures between audited figures for the full financial year ended March 31, 2022 and March 31, 2021 and nine months unaudited published figures up to December 31, 2021 and December 31, 2020 respectively.

By Order of the  
Board



Arun Misra  
CEO and Whole-time director

Date: April 22, 2022  
Place: Udaipur

## STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2022

₹ in Crore

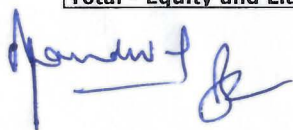
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3	Other income	277	279	295	1,216	1,819
	<b>Total Income</b>	<b>9,074</b>	<b>8,269</b>	<b>7,242</b>	<b>30,656</b>	<b>24,448</b>
4	<b>Expenses</b>					
	a. Changes in inventories of finished goods & WIP	(229)	78	(95)	(278)	239
	b. Employee benefit expense	190	177	170	717	760
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	e. Mining royalty	1,178	933	893	3,667	2,759
	f. Finance costs	66	50	131	290	386
	g. Other expenses	1,926	1,730	1,635	6,656	5,467
	Total expenses	4,716	4,411	3,899	16,421	13,874
5	<b>Profit before tax and exceptional item</b>	<b>4,358</b>	<b>3,858</b>	<b>3,343</b>	<b>14,235</b>	<b>10,574</b>
6	Exceptional item	-	-	-	(134)	-
7	<b>Profit Before Tax</b>	<b>4,358</b>	<b>3,858</b>	<b>3,343</b>	<b>14,101</b>	<b>10,574</b>
8	<b>Tax Expense</b>					
	Current tax	763	667	578	2,445	1,827
	Deferred tax	666	490	284	2,026	767
	<b>Net Tax Expense (Refer Note 4)</b>	<b>1,429</b>	<b>1,157</b>	<b>862</b>	<b>4,471</b>	<b>2,594</b>
9	<b>Net Profit</b>	<b>2,929</b>	<b>2,701</b>	<b>2,481</b>	<b>9,630</b>	<b>7,980</b>
10	<b>Other Comprehensive (Loss)/Income</b>					
(i)	(a) Items that will not be reclassified to profit or loss	(8)	-	(9)	15	(7)
	(b) Income tax relating to above	2	-	3	(6)	2
(ii)	(a) Items that will be reclassified to profit or loss	(98)	-	-	(98)	-
	(b) Income tax relating to above	34	-	-	34	-
	<b>Total Other Comprehensive (Loss)/Income</b>	<b>(70)</b>	<b>-</b>	<b>(6)</b>	<b>(55)</b>	<b>(5)</b>
11	<b>Total Comprehensive Income for the period/year</b>	<b>2,859</b>	<b>2,701</b>	<b>2,475</b>	<b>9,575</b>	<b>7,975</b>
12	Paid up Equity Share Capital (face value ₹ 2 each)	845	845	845	845	845
13	Reserves as shown in the Audited Balance Sheet				33,437	31,468
14	Earnings Per Share in Rs. (of ₹ 2 each) (not annualised except for year ended March):					
	a. Basic	6.93	6.39	5.87	22.79	18.89
	b. Diluted	6.93	6.39	5.87	22.79	18.89




## STANDALONE BALANCE SHEET AS AT MARCH 31, 2022

₹ in Crore

PARTICULARS	As at 31.03.2022	As at 31.03.2021
	Audited	Audited
<b>A. ASSETS</b>		
<b>1. Non current assets</b>		
a) Property, plant and equipment	17,165	16,447
b) Capital work in progress	2,075	1,922
c) Intangible assets	231	361
d) Financial assets		
i) Investments	0	-
ii) Loans	2	1
iii) Other financial assets	56	54
e) Deferred tax assets (net)	-	1,058
f) Other non current assets	275	431
g) Income tax assets	884	885
<b>Sub-total - Non current assets</b>	<b>20,688</b>	<b>21,159</b>
<b>2. Current assets</b>		
a) Inventories	1,953	1,425
b) Financial assets		
i) Investments	15,052	12,957
ii) Trade receivables	716	406
iii) Cash and cash equivalents	1,592	313
iv) Bank balances other than (iii) above	4,171	9,063
v) Loans	2	2
vi) Other financial assets	34	53
c) Other current assets	463	349
<b>Sub-total - Current assets</b>	<b>23,983</b>	<b>24,568</b>
<b>Total - Assets</b>	<b>44,671</b>	<b>45,727</b>
<b>B. EQUITY AND LIABILITIES</b>		
<b>1. Equity</b>		
a) Equity share capital	845	845
b) Other equity	33,437	31,468
<b>Sub-total - Equity</b>	<b>34,282</b>	<b>32,313</b>
<b>2. Non current liabilities</b>		
a) Financial liabilities		
i) Borrowings	2,111	4,312
ia) Lease Liabilities	6	8
ii) Other financial liabilities	0	0
b) Other non current liabilities	1,024	1,036
c) Provisions	212	182
d) Deferred tax liabilities (net)	942	-
<b>Sub-total - Non current liabilities</b>	<b>4,295</b>	<b>5,538</b>
<b>3. Current liabilities</b>		
a) Financial liabilities		
i) Borrowings	712	2,865
ia) Lease Liabilities	15	16
ii) Operational buyers' Credit/ suppliers' credit	280	-
iii) Trade payables		
A) Total outstanding dues of micro enterprises and small enterprises	50	38
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,988	1,507
Total Trade Payables	2,038	1,545
iv) Other financial liabilities	1,901	1,251
b) Other current liabilities	860	1,947
c) Provisions	32	70
d) Current tax liabilities	256	182
<b>Sub-total - Current liabilities</b>	<b>6,094</b>	<b>7,876</b>
<b>Total - Equity and Liabilities</b>	<b>44,671</b>	<b>45,727</b>








- NOTES:**
- The above results of Hindustan Zinc Limited("the company") for the quarter and year ended March 31, 2022 have been reviewed by Audit Committee and approved by the Board of Directors in its meeting held on April 22, 2022.
  - Exceptional expense of ₹ 134 Crore (March 31, 2021 : Nil) during the current year ended March 31, 2022 represents amount charged in respect of settlement of entry tax dispute under Amnesty scheme launched by the Government of Rajasthan.
  - During the previous quarter ended December 31, 2021, the Board of Directors had declared an interim dividend of ₹ 18 /- per share in its meeting held on December 07, 2021.
  - Net Tax expense for current year and quarter ended March 31, 2022 includes ₹ (79) crore and ₹ (9) crore respectively pertaining to previous year.
  - Additional disclosures as per Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirement) Regulations, 2015:

S.No	PARTICULARS	Quarter ended			Year ended	
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
1	<b>Operating margin (%)</b> Earning before Interest and Tax(EBIT)/Revenue from operations (including Other operating income)	48%	46%	46%	45%	41%
2	<b>Net Profit margin (%)</b> Net Profit after tax (PAT) before exceptional items/Revenue from operations (including Other operating income)	33%	34%	36%	33%	35%
3	<b>Debt Service Coverage Ratio (in times) (not annualized)</b> Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items/Interest expense on long term and short term borrowing during the period + Scheduled principal repayment of long term borrowing during the period	131.68	5.54	34.94	6.64	34.26
4	<b>Interest Service Coverage Ratio (in times) (not annualized)</b> Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items/Interest expense on long term and short term borrowing during the period	131.68	101.75	34.94	65.69	34.26
5	<b>Bad debts to Account receivable ratio (%) (not annualized)</b> Bad Debts written off/Average Trade Receivable	-	-	-	-	-
6	<b>Debtor Turnover ratio (in times) (not annualized)</b> Revenue from operations(including Other operating income)/Average Trade Receivable	12.39	13.79	17.15	52.48	57.65
7	<b>Inventory Turnover ratio (in times) (not annualized)</b> Revenue from operations - Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items/ Average Inventory	2.13	2.15	2.12	7.79	6.68
8	<b>Debt-Equity Ratio (in times)</b> Debt/Net worth [Debt is long term borrowing (current & non current portion) and Short Term Borrowing]	0.08	0.09	0.22	0.08	0.22
9	<b>Current Ratio (in times)</b> Current Assets/Current Liabilities	3.94	3.65	3.12	3.94	3.12
10	<b>Current Liability Ratio (in times)</b> Current Liabilities/Total Liabilities	0.59	0.61	0.59	0.59	0.59
11	<b>Total Debts to Total Assets (in times)</b> Long term borrowing (current & non current portion) + Short Term Borrowing / Total Assets	0.06	0.07	0.16	0.06	0.16
12	<b>Long Term Debt to Working Capital (in times)</b> Long term borrowing (current & non current portion) / (Current Assets - Current Liabilities excluding current maturities of long term borrowing)	0.15	0.18	0.30	0.15	0.30
13	<b>Net Worth (Rs. In Crore)</b>	34,282	31,424	32,313	34,282	32,313

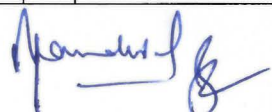
- The Company publishes standalone financial results along with the consolidated financial results, hence the Company has disclosed the segment information in its consolidated financial results in accordance with Ind AS 108 "Operating Segments".
- Figures for previous year and quarters have been revised or reclassified, wherever necessary for consistency.
- The figures of the quarter ended March 31, 2022 and corresponding quarter ended March 31, 2021 are the balancing figures between audited figures for the full financial year ended March 31, 2022 and March 31, 2021 and nine months unaudited published figures up to December 31, 2021 and December 31, 2020 respectively.

By Order of the  
Board



Arun Misra  
CEO and Whole-time director

Date: April 22, 2022  
Place: Udaipur



**S.R. BATLIBOI & CO. LLP**

Chartered Accountants

2<sup>nd</sup> & 3<sup>rd</sup> Floor,  
Golf View Corporate Tower - B  
Sector 42 Road  
Gurugram - 122 002, Haryana, India  
Tel: +91 124 681 6000

**Independent Auditor's Report on the Quarterly and Year to Date Consolidated Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

To  
**The Board of Directors of  
Hindustan Zinc Limited**

**Report on the audit of the Consolidated Financial Results**

**Opinion**

We have audited the accompanying statement of quarterly and year to date consolidated financial results of Hindustan Zinc Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended and year ended March 31, 2022 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations")

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate audited financial statements of the subsidiaries, the Statement:

- i. includes the results of the following entities;
  - a) Hindustan Zinc Alloys Private Limited
  - b) Vedanta Zinc Football & Sports Foundation
- ii. are presented in accordance with the requirements of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive loss and other financial information of the Group for the quarter and year ended March 31, 2022.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.



## **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

### **Management's Responsibilities for the Consolidated Financial Results**

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive income and other financial information of the Group in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



## S.R. BATLIBOI & CO. LLP

Chartered Accountants

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group of which we are the independent auditors to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

### Other Matter

The accompanying Statement includes the audited financial results/statements and other financial information, in respect of:

- 1 (number) subsidiary, whose financial statements include total assets of Rs 0.40 lacs as at March 31, 2022, total income of Rs Nil and Rs Nil, total net deficit after tax of Rs. 1.82 lacs and Rs. 1.82 lacs, total comprehensive income of Rs. Nil and Rs. Nil, for the quarter and the year ended on that date respectively, and net cash (inflows) of Rs. 0.40 lacs for the year ended March 31, 2022, as considered in the Statement which have been audited by their respective independent auditor.

The independent auditor's report on the financial statements of this entity has been furnished to us by the Management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the report of such auditor and the procedures performed by us as stated in paragraph above.



**S.R. BATLIBOI & Co. LLP**

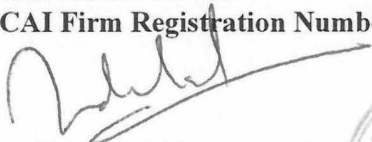
Chartered Accountants

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

The Statement includes the results for the quarter ended March 31, 2022 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2022 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

**For S.R. BATLIBOI & Co. LLP**

Chartered Accountants

**ICAI Firm Registration Number: 301003E/E300005****per Tridevlal Khandelwal**

Partner

Membership No.: 501160



UDIN: 22501160AHPDRZ6772

Place : Pune

Date : April 22, 2022

**S.R. BATLIBOI & CO. LLP**

Chartered Accountants

2<sup>nd</sup> & 3<sup>rd</sup> Floor,  
Golf View Corporate Tower - B  
Sector 42 Road  
Gurugram - 122 002, Haryana, India  
Tel: +91 124 681 6000

**Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**To  
The Board of Directors of  
Hindustan Zinc Limited**

**Report on the audit of the Standalone Financial Results**

**Opinion**

We have audited the accompanying statement of quarterly and year to date standalone financial results of Hindustan Zinc Limited (the "Company") for the quarter ended and year ended March 31, 2022 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive loss and other financial information of the Company for the quarter ended March 31, 2022 and for the year ended March 31, 2022.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

**Management's Responsibilities for the Standalone Financial Results**

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting



## **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

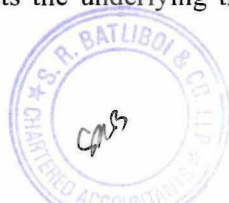
The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.



**S.R. BATLIBOI & Co. LLP**

Chartered Accountants

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The Statement includes the results for the quarter ended March 31, 2022 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2022 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

**For S.R. BATLIBOI & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Tridevlal Khandelwal**  
Partner  
Membership No.: 501160



UDIN: 22501160AHPDIV8542

Place: Pune

Date : April 22, 2022





## National Stock Exchange Of India Limited

Ref: NSE/LIST/29974\_II

August 23, 2022

The Company Secretary  
Hindustan Zinc Limited  
Yashad Bhawan,  
Udaipur-313004.

**Kind Attn.: Mr. Rajendra Pandwal**

Dear Sir,

**Sub: Observation Letter of draft scheme of arrangement between Hindustan Zinc Limited and its shareholder.**

We are in receipt of the draft Scheme of Arrangement filed by Hindustan Zinc Ltd as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated August 22, 2022, has inter alia given concerns on the draft scheme which are placed as Annexure I and it's comment(s) on the draft scheme of Arrangement wherein Company shall ensure that the comments shall be part of the explanatory statement sent to shareholders and before NCLT for the purpose of seeking their approval as Annexure.

### Annexure I

#### **I. Facts of the Case in Brief:**

1. Draft Scheme of Arrangement filed by Hindustan Zinc Limited provides for transfer of an amount of Rs.103,83,15,26,729 standing to the credit of the General Reserve to Retained Earnings of the Company.
2. Hindustan Zinc Limited is listed on BSE Limited and National Stock Exchange of India Limited.
3. As per the draft scheme document, the rationale provided by the Company for the scheme is as follows:
  - i Over the years, the Company has built up significant reserves through transfer of profits to the reserves in accordance with provisions of the erstwhile Companies Act, 1956 and erstwhile Rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975.
  - ii Steady growth in sales volume, balanced capital expenditure for continuing operations has helped the Company to achieve a strong track record of generating cash flows. With healthy business practices in place, the Company expects that it will



This Document is Digitally Signed  
Signed By: Mr. Rajendra Pandwal  
Date: Tue, Aug 23, 2022 19:28:59 IST  
Location: NSE

continue its growth trajectory and its business operations will keep generating incremental cash flow over the coming years.

- iii The company is of the view that the funds represented by the general reserves are in excess of the Company's anticipated operational and business needs in the foreseeable future, thus, these excess funds can be utilized to create further shareholder's value, in such manner and to such extent, as the Board of the Company in its sole discretion, may decide, from time to time and in accordance with the provisions of the Act and other applicable law.
- iv The scheme is in interest of all stakeholders of the Company.

## II. Comments of SEBI on the Draft Scheme of Arrangement:

1. *In terms of section 205(2A) of the erstwhile Companies Act, 1956, it was mandatory for Companies to transfer a certain percentage of profits, not exceeding ten percent, to the reserves, which would be beneficial to both, Company and shareholders, because such reserves would be available to the Company for ploughing them back for expansion of the activities of the Companies and would also be available for declaration of dividends in a lean year.*
2. *The erstwhile Companies (Declaration of Dividend out of Reserves) Rules, 1975 provided that in the event of inadequacy or absence of profits in any year, dividend may be declared by a company for that year out of accumulated profits earned by it in previous years and transferred by it to reserves, subject to conditions that-*
  - i *Rate of dividend declared shall not exceed dividend declared for previous five years or 10% of paid up capital, whichever is less.*
  - ii *Total amount to be transferred from general reserve shall not exceed 10% of paid-up capital and free reserves and amount be first utilized to set off the losses before declaring dividend.*
  - iii *Balance of reserves after such transfer shall not fall below 15% of the paid up capital.*
3. *However, section 123 of the Companies Act, 2013, which corresponds to section 205(2A) of the erstwhile Companies Act, 1956, made effective from September 12, 2013, provides that a Company may, before declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company. Thus, in terms of the above first proviso, to section 123(1) of the Companies Act, 2013, such transfer of profits to reserves has not been made compulsory.*
4. *Incidentally, the second proviso to section 123 of Companies Act, 2013 still provides that where, owing to inadequacy or absence of profits in any financial year, any Company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred by the Company to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be pres*

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Signer: DIPTI VIPUL CHINCHKHEDE  
Date: Tue, Aug 23, 2022 19:28:59 IST  
Location: NSE

5. *In this regard, the Companies (Declaration and Payment of Dividend) Rules, 2014, states as under-*

*"In the event of inadequacy or absence of profits in any year, a Company may declare dividend out of free reserves subject to the fulfilment of the following conditions, namely:-*

- i The rate of dividend declared shall not exceed the average rate at which dividend was declared by it in the three years immediately preceding that year. Provided that this sub-rule shall not apply to a Company which has declared any dividend in each of the three preceding financial years.*
  - ii The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid up share capital and free reserves as appearing in the latest audited financial statement.*
  - iii The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.*
  - iv The balance of reserves after such withdrawal shall not fall below fifteen percent of its paid up share capital as appearing in the latest audited financial statement.*
6. *As a result of this scheme, the funds which were meant for restrictive use, as part of general reserve, would now be available for any purpose, including distribution as dividend, after transfer to P&L Account, which does not have any apparent restrictions on its use.*
7. *By transferring funds from general reserves to P&L Account, the Companies are practically re-transferring funds which had been transferred to the general reserve as per the compulsory provisions existing then under the erstwhile Companies Act, 1956. However, no such explicit provision is provided in the extant law and it is silent on enabling/restraining such retransfer. Nevertheless, the purposes for which general reserve could be utilized does not envisage transfer of the general reserve (compulsory) to P&L Account for an unfettered and unrestricted use.*
8. *The freedom to transfer profits to reserves on a voluntary basis, as outlined in para 3 above, would be prospective in nature, after notification of the 2013 Act. In effect, the Company is attempting to apply the provision for voluntary transfer to reserves, on a retrospective basis by transferring back the entire general reserve to P&L account.*
9. *Further, though the extent provisions of the Companies Act, 2013 do not make it mandatory for transfer to general reserves, Companies (Declaration and Payment of Dividend) Rules, 2014 exist which in effect are having similar provisions as that of Companies (Declaration of Dividend out of Reserves) Rules, 1975. Thus, the right of payment of dividend out of reserves is not an unfettered right and is subject to conditionalities. The only provision done away with is the compulsory transfer from profits to reserves which gives freedom to the Companies in this respect.*

10. *Consequently, the limited freedom given to Companies through the Companies Act, 2013, is with respect to whether or not profits may be transferred to reserves, and not an untrammelled right to utilize the already existing compulsorily transferred reserves in total disregard to the restrictions on usage as contained in the Companies (Declaration and Payment of Dividend) Rules, 2014.*
11. *In a nutshell, the prospective nature of the Section 123 of the Companies Act, 2013 as well as the retention of restrictions on payment of dividend out of accumulated reserves as enshrined in the Companies (Declaration and Payment of Dividend) Rules, 2014, suggests that the lawmakers had neither intended unrestricted use of accumulated profits to pay dividend, nor transfer of reserves to P&L account to possibly pay dividend in this circumlocutory manner. Thus, the conduct of the Company may be at variance with the spirit of the law.*
12. *Once the Scheme is permitted, Hindustan Zinc Limited, is free to use the money liberally disregarding the conservative policies as are contained in Companies (Declaration and Payment of Dividend) Rules, 2014.*
13. *Also, in the instant case, it has not been specified how shareholder value is intended to be created. Such vagueness of purpose and conduct of the management with respect to the possible usage outlined in the paras above, may not be in the interest of shareholders.*
14. *In view of the above, the proposed Scheme may not be justified, both from the legal and the corporate governance point of view.*
15. *It may also be mentioned that in respect of some Schemes providing for similar transactions, in past, the Ministry of Corporate Affairs, had contended before Hon'ble National Company Law Tribunal that Scheme is not in the public interest as it is framed to circumvent the provisions of Section 123 of Companies Act, 2013 and the Companies (Declaration and Payment of Dividend) Rules, 2014.*
16. *Incidentally, it may also be mentioned that Hon'ble Supreme Court in the case of National Confederation of Officers Association of Central Public Sector Enterprises and Ors. Vs. Union of India & Ors. vide order dated November 18, 2021 had inter-alia observed that-*  
  
*“There is sufficient material for registration of a regular case in relation to the 26 percent disinvestment of Hindustan Zinc Limited by the Union Government in 2002. The CBI is directed to register a regular case and proceed in accordance with law.”*

The Company is hereby advised to make Stock Exchange as a party in the matter and suitably articulate the said concerns before the Hon'ble National Company Law Tribunal during the proceedings regarding this scheme.

Please note that the submission of documents/information in accordance with the Circulars, to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI.

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Date: Tue, Aug 23, 2022 19:28:59 IST  
Location: NSE

SEBI does not take any responsibility either for the financial soundness of any Scheme or for the correctness of the statements made or opinions expressed in the documents submitted.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the Circular.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines/ Regulations issued by statutory authorities. The validity of this “Observation Letter” shall be six months from August 23, 2022, within which the scheme shall be submitted to NCLT.

Kindly note, this Exchange letter should not be construed as approval under any other Act /Regulation/rule/bye laws (except as referred above) for which the Company may be required to obtain approval from other department(s) of the Exchange. The Company is requested to separately take up matter with the concerned departments for approval, if any

**The Company shall ensure filing of compliance status report stating the compliance with each point of Observation Letter on draft scheme of arrangement on the following path: NEAPS > Issue > Scheme of arrangement > Reg 37(1) of SEBI LODR, 2015> Seeking Observation letter to Compliance Status.**

Yours faithfully,  
For National Stock Exchange of India Limited

Dipti Chinchkhede  
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL:  
<https://www.nseindia.com/companies-listing/raising-capital-further-issues-main-sme-checklist>

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DCS/IPO/TL/ESOP-IP/2456/2022-23

“E-Letter”

August 23, 2022

The Company Secretary,  
**HINDUSTAN ZINC LTD.**  
Yashad Bhawan, Udaipur,  
Rajasthan, 313004

Dear Sir,

**Sub: Observation Letter regarding the Scheme of Arrangement between Hindustan Zinc Ltd and its Shareholders**

We are in receipt of the draft Scheme of Arrangement filed by **Hindustan Zinc Ltd** as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated August 22, 2022, **has inter alia given concerns on the draft scheme which are placed as Annexure I and it's comment(s) on the draft scheme of Arrangement wherein Company shall ensure that the comments shall be part of the explanatory statement sent to shareholders and before NCLT for the purpose of seeking their approval as Annexure II:**

**Annexure I**

**I.FACTS OF THE CASE IN BRIEF:**

- 1) Draft Scheme of Arrangement filed by Hindustan Zinc Limited provides for transfer of an amount of Rs.103,83,15,26,729 standing to the credit of the General Reserve to Retained Earnings of the Company.
- 2) Hindustan Zinc Limited is listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- 3) As per the draft scheme document, the rationale provided by the company for the scheme is as follows:
  - i. Over the years, the Company has built up significant reserves through transfer of profits to the reserves in accordance with provisions of the erstwhile Companies Act, 1956 and erstwhile Rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975.
  - ii. Steady growth in sales volume, balanced capital expenditure for continuing operations has helped the Company achieve a strong track record of generating cash flows. With healthy business practices in place, the Company expects that it will continue its growth trajectory and its business operations will keep generating incremental cash flow over the coming years.
  - iii. The company is of the view that the funds represented by the general reserves are in excess of the Company's anticipated operational and business needs in the foreseeable future, thus, these excess funds can be utilized to create further shareholder's value, in such manner and to such extent, as the Board of the Company in its sole discretion, may decide, from time to time and in accordance with the provisions of the Act and other applicable law.
  - iv. The scheme is in interest of all stakeholders of the Company

## **II.COMMENTS OF SEBI ON THE DRAFT SCHEME OF ARRANGEMENT:**

- 1) In terms of section 205(2A) of the erstwhile Companies Act, 1956, it was mandatory for companies to transfer a certain percentage of profits, not exceeding ten percent, to the reserves, which would be beneficial to both, company and shareholders, because such reserves would be available to the company for ploughing them back for expansion of the activities of the companies and would also be available for declaration of dividends in a lean year.
- 2) The erstwhile Companies (Declaration of Dividend out of Reserves) Rules, 1975 provided that in event of inadequacy or absence of profits in any year, dividend may be declared by a company for that year out of accumulated profits earned by it in previous years and transferred by it to reserves, subject to conditions that-
  - i. Rate of dividend declared shall not exceed dividend declared for previous five years or 10% of paid up capital, whichever is less.
  - ii. Total amount to be transferred from general reserve shall not exceed 10% of paid-up capital and free reserves and amount be first utilized to set off the losses before declaring dividend.
  - iii. Balance of reserves after such transfer shall not fall below 15% of the paid up capital.
- 3) However, section 123 of the Companies Act, 2013, which corresponds to section 205(2A) of the erstwhile Companies Act, 1956, made effective from September 12, 2013, provides that a company may, before declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the company. Thus, in terms of the above first proviso, to section 123(1) of the Companies Act, 2013, such transfer of profits to reserves has not been made compulsory.
- 4) Incidentally, the second proviso to section 123 of Companies Act, 2013 still provides that where, owing to inadequacy or absence of profits in any financial year, any company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred by the company to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be prescribed in this behalf.
- 5) In this regard, the Companies (Declaration and Payment of Dividend) Rules, 2014, states as under –

In the event of inadequacy of absence of profits in any year, a company may declare dividend out of free reserves subject to the fulfilment of the following conditions, namely:-

- i. The rate of dividend declared shall not exceed the average of rate at which dividend was declared by it in the three years immediately preceding that year. Provided that this sub-rule shall not apply to a company which has declared any dividend in each of the three preceding financial years.
- ii. The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid up share capital and free reserves as appearing in the latest audited financial statement.

- iii. The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.
  - iv. The balance of reserves after such withdrawal shall not be below fifteen percent of its paid up share capital as appearing in the latest audited financial statement.
- 6) As a result of this scheme, the funds which were meant for restrictive use, as part of general reserve, would now be available for any purpose, including distribution as dividend, after transfer to P&L Account, which does not have any apparent restrictions on its use.
- 7) By transferring funds from general reserves to P&L Account, the companies are practically re-transferring funds which had been transferred to the general reserve as per the compulsory provisions existing then under the erstwhile Companies Act, 1956. However, no such explicit provision is provided in the extant law and it is silent on enabling/restraining such retransfer. Nevertheless, the purposes for which general reserve could be utilized does not envisage transfer of the general reserve (compulsory) to P&L Account for an unfettered and unrestricted use.
- 8) The freedom to transfer profits to reserves on a voluntary basis, as outlined in para 3 above, would be prospective in nature, after notification of the 2013 Act. In effect, the company is attempting to apply the provision for voluntary transfer to reserves, on a retrospective basis by transferring back the entire general reserve to P&L account.
- 9) Further, though the extent provisions of the Companies Act, 2013 do not make it mandatory for transfer to general reserves, Companies (Declaration and Payment of Dividend) Rules, 2014 exist which in effect are having similar provisions as that of Companies (Declaration of Dividend out of Reserves) Rules 1975. Thus, the right of payment of dividend out of reserves is not an unfettered right and is subject to conditionalities. The only provision done away with is the compulsory transfer from profits to reserves which gives freedom to the companies in this respect.
- 10) Consequently, the limited freedom given to companies through the Companies Act, 2013, is with respect to whether or not profits may be transferred to reserves, and not an untrammelled right to utilize the already existing compulsorily transferred reserves in total disregard to the restrictions on usage as contained in the Companies (Declaration and Payment of Dividend) Rules, 2014.
- 11) In a nutshell, the prospective nature of the Section 123 of the Companies Act, 2013 as well as the retention of restrictions on payment of dividend out of accumulated reserves as enshrined in the Companies (Declaration and Payment of Dividend) Rules, 2014, suggests that the lawmakers had neither intended unrestricted use of accumulated profits to pay dividend, nor transfer of reserves to P&L account to possibly pay dividend in this circumlocutory manner. Thus, the conduct of the company may be at variance with the spirit of the law.
- 12) Once the scheme is permitted, Hindustan Zinc Limited, is free to use the money liberally disregarding the conservative policies as are contained in Companies (Declaration and Payment of Dividend) Rules, 2014.



- 13) Also, in the instant case, it has not been specified how shareholder value is intended to be created. Such vagueness of purpose, and conduct of the management with respect to the possible usage outlined in the paras above, may not be in the interest of shareholders.
- 14) In view of the above, the proposed scheme may not be justified, both from the legal and the corporate governance point of view.
- 15) It may also be mentioned that in respect of some Schemes providing for similar transactions, in past, the Ministry of Corporate Affairs, had contended before Hon'ble National Company Law Tribunal that Scheme is not in the public interest as it is framed to circumvent the provisions of Section 123 of Companies Act, 2013 and the Companies (Declaration and Payment of Dividend) Rules, 2014.
- 16) Incidentally, it may also be mentioned that Hon'ble Supreme Court in the case of National Confederation of Officers Association of Central Public Sector Enterprises and Ors. Vs. Union of India & Ors. vide order dated November 18, 2021 had inter-alia observed that –

**"There is sufficient material for registration of a regular case in relation to the 26 percent disinvestment of Hindustan Zinc Limited by the Union Government in 2002. The CBI is directed to register a regular case and proceed in accordance with law."**

### III.

**"Company is advised to make Stock Exchanges a party in the matter and they should suitably articulate the said concerns before the NCLT during the proceedings regarding this scheme."**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- i. To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- ii. To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- iii. To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities. Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,  
Sd/-

**Prasad Bhide**  
**Senior Manager**

Sd/-

**Tanmayi Lele**  
**Assistant Manager**

To  
National Stock Exchange of India Limited  
Exchange Plaza, 5th Floor,  
Plot No.C/1, G Block,  
Bandra Kurla Complex, Bandra, Mumbai – 400 051

September 02, 2022

Kind Attn: Ms. Dipti Chinchkhede, Manager

[NSE Scrip Code: HINDZINC]

**Sub: Response to the Observation Letter dated August 23, 2022 issued by National Stock Exchange of India Limited**

**Ref: Application for obtaining approval under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") for the Scheme of Arrangement between Hindustan Zinc Limited ("Company") and its shareholders under Section 230 and other applicable provisions of the Companies Act, 2013 ("Act") ("Scheme").**

Dear Madam

1. We acknowledge with thanks the receipt of the Observation Letter dated August 23, 2022 ("**Observation Letter**"), issued by your good office in connection with the Scheme.
2. We also take note of the no objection to the Scheme by stating the following in the Observation Letter:

*"In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT."*

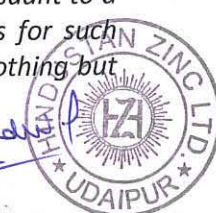
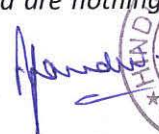
3. We understand that, pursuant to requirements of Master Circular dated November 23, 2021 on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 issued by the Securities and Exchange Board of India ("**SEBI**") ("**Master Circular**"), the Observation Letter *inter alia* provides for concerns and comments of the SEBI on the Scheme as specified in Annexure I, Annexure II and Annexure III respectively. Copy of the Observation Letter is annexed hereto as **Exhibit A** for ready reference.
4. In order to provide better context to the comments/ observation made by the SEBI in the Observation Letter, the Company *vide* its email dated August 22, 2022, has submitted the following response to the SEBI on the queries received post filing of the draft Scheme with Stock Exchanges pursuant to Regulation 37 of the LODR Regulations:

*"Basis our telephonic conversation on 10 August 2022 in connection with the Scheme of Arrangement between Hindustan Zinc Limited ("**Company**") and its shareholders ("**Scheme**"), kindly refer to our responses mentioned below:*

*Aparna J*



1. In terms of provisions of Sections 230 to 232 of the Companies Act, 2013 ("**2013 Act**"), the Board of Directors of the Company, at their meeting held on January 21, 2022, had inter alia unanimously approved the Scheme. The proposed Scheme is an arrangement between the Company and its shareholders. Pursuant to this Scheme, it proposed to transfer the amounts standing to the credit of general reserves account of the Company to the retained earnings account of the Company.
2. As you are aware, Section 205(2A) of the erstwhile Companies Act, 1956 read with Companies (Transfer of Profits to Reserves) Rules 1975, mandated every company to transfer, in any financial year, a specific portion out of the profits of the company for that year arrived at, after providing for depreciation, to the general reserves account of the company, before declaring any dividend to the shareholders.
3. After repealing the 1956 Act and introduction of the 2013 Act, taking into consideration the changing times and evolving law including the appreciating the shareholder rights, the erstwhile provisions relating to transfer of a portion of profits to general reserves account of the company were done away with. Today, there are no corresponding provisions under the 2013 Act or rules made thereunder which mandates a company, to transfer a portion of its profits to its general reserves prior to payment of dividend or mandate a company to continue to maintain a general reserves account. In other words, the legislature has acknowledged that the profits of a company belong to its shareholders and the board of directors of the company and its shareholders are best judge to utilize the same for the benefit of the shareholders in a manner they may deem appropriate.
4. As aforesaid, the amounts standing to the credit of the general reserves account of the Company, is nothing but a part of the post-tax profits of the Company and are accumulated pursuant to mandatory requirements of the erstwhile Companies Act, 1956 and Companies (Transfer of Profits to Reserves) Rules, 1975. The erstwhile provisions of the Companies Act, 1956, while mandating the transfer of amounts to general reserves account also provided for the manner in which the amounts standing to the credit of the general reserves account were required to be utilised. With the repeal of the erstwhile Companies Act, 1956 and Companies (Transfer of Profits to Reserves) Rules 1975, and in absence of any requirements under the 2013 Act or rules made thereunder, the requirement to continue to maintain the said amounts in the general reserves account or transfer the amounts from the general reserves account to the retained earnings account and utilize the same for creating value for the shareholders is completely left at the discretion of the Board of Directors of the Company and its shareholders, in the manner in which the Board of Directors and the shareholders of the Company deem it appropriate. In order to create value for the shareholders, the first step is to transfer the amounts standing to the credit of the general reserves account of the Company to the account from where it was transferred in the first place, i.e. the retained earnings account. This is in line with the cardinal principle of Companies Act that all profits (unless some restrictions are imposed under law) are for the benefit of shareholders of a company as the shareholders are providing the risk capital. We would like to bring to your kind attention that even during the existence of the 1956 Act and Rules framed thereunder, certain companies like Nestle India Limited (C.P No. 141/ 2007, High Court of Delhi) was permitted to transfer the amounts standing to the credit of general reserve account to retained earnings account pursuant to a scheme of arrangement with the shareholders. In the said scheme, the grounds for such transfer was to create shareholder value and that the amounts transferred are nothing but



accumulated profits of the company which are required to be utilized for the shareholders to create value for them.

5. Pursuant to the proposed Scheme, the Company believes that it will provide greater flexibility to it to enable, among other things, to issue payouts to its shareholders. Further, if the amounts standing to the credit of the general reserves account of the Company are transferred to retained earnings account, a stronger position of the retained earnings account of the Company will be created which consequently will generate better shareholder value. The Board of Directors of the Company believes that such a transfer would not only be in the interest of shareholders and create higher shareholder value, but also not be prejudicial to the interest of any stakeholders.
6. Currently, there is no provision under the Act which enables or restricts the transfer of amounts standing credit to the general reserves of a company to its retained earnings. Further, as aforesaid, even during the existence of the erstwhile Companies Act, 1956, jurisdictional High Courts have permitted company like Nestle India Limited (C.P No. 141/ 2007, High Court of Delhi), to undertake such a transfer through a scheme of arrangement under the erstwhile Sections 391 to 394 of the Companies Act, 1956. Even, under the corresponding provisions of Sections 230 to 232 of the Act, the Securities and Exchange Board of India and the various Benches of the National Company Law Tribunal ("NCLT") have permitted companies like Hindustan Unilever Limited (TCSP No. 151 of 2017, NCLT, Mumbai Bench), International Paper APPM Limited (CP No. 416 of 2016, NCLT, Hyderabad Bench), Prime Securities Limited (CP.CAA No. 1084 of 2020, NCLT, Mumbai Bench), The Tata Power Company Limited (CP.CAA No. 42 of 2021, NCLT, Mumbai Bench), Nestle India Limited (CA.CAA.30/230-232/ND/2022, NCLT, New Delhi Bench, currently ongoing) etc. to undertake such a transfer through a scheme of arrangement whereby amounts standing to the credit of the general reserves account were transferred to the retained earnings account. Some companies have undertaken such transfer without undertaking a scheme of arrangement. You will appreciate that, the Company is following the best corporate governance practice for transfer of amounts standing to the credit of general reserves account to retained earnings account through transparent mechanism of scheme of arrangement which will not only be approved by shareholders at an NCLT directed meeting (convened pursuant to the requirements of Section 230 to 232 of the 2013 Act), but will also go through the scrutiny of various regulatory authorities including the NCLT.
7. It may be noted that while transfer of amounts standing to credit of the general reserves account to retained earnings account is being proposed and once the Scheme is approved by NCLT, the utilisation of the amounts from the retained earnings account will be undertaken as may be permissible under the relevant provisions of the 2013 Act. The selection of method to reward the shareholders of the Company is dependent upon various external and internal factors like overall business environment of the Indian economy, financial position of the Company etc., which would be quite difficult for the Company to ascertain at this stage. However, kindly note that the Company will duly follow requisite provisions of the Act while determining the exact method to reward its shareholders.

We request you to kindly take the above responses on record and oblige.

Regards  
R Pandwal"



5. Specifically in connection with the Paragraph.16 of Annexure II of the Observation Letter, the SEBI has stated the following:

*16) Incidentally, it may also be mentioned that Hon'ble Supreme Court in the case of National Confederation of Officers Association of Central Public Sector Enterprises and Ors. Vs. Union of India & Ors. vide order dated November 18, 2021 had inter-alia observed that –*

*"There is sufficient material for registration of a regular case in relation to the 26 percent disinvestment of Hindustan Zinc Limited by the Union Government in 2002. The CBI is directed to register a regular case and proceed in accordance with law."*

6. In order to provide better context to the aforesaid comments/ observations made by the SEBI, the Company vide its email dated June 9, 2022, has *inter alia* submitted the following response to the SEBI on the queries received post filing of the draft Scheme with Stock Exchanges pursuant to Regulation 37 of the LODR Regulations:

*"Hindustan Zinc Ltd ("HZL") was a public sector undertaking whose shares were divested by the Government of India in the year 2002 as a part of the disinvestment drive. The Hon'ble Supreme Court of India vide its order dated 18 November 2021 directed the Central Bureau of Investigation ("CBI") to lodge an FIR for the suspected irregularities in the valuation and the process undertaken by the Government of India for divestment of its holding in HZL. The said order dated 18 November 2021, issued by the Hon'ble Supreme Court of India is already available in the public domain. HZL is not a direct party to the case and case was registered between Union of India v/s National Confederation of Officers Association of Central Public Sector Enterprises and Ors.*

*Since HZL is not a direct party to the case, except for the information available in public domain and the aforesaid cause of action mentioned in the said order issued by the Hon'ble Supreme Court of India, HZL is not privy to any further information and/ or data with respect to the investigation carried out by CBI.*

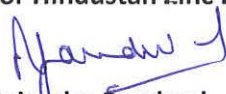
*Further, following the practice of good corporate governance, on November 18, 2021, HZL immediately informed the stock exchanges about the said order issued by the Hon'ble Supreme Court of India. Copy of the said intimation sent to stock exchanges by HZL is attached for your ready reference."*

7. We believe that it is relevant to put this information in public domain as it clarifies the nature of the Scheme and the concerns and comments mentioned in your Observation Letter. The Observation Letter and this response letter is also uploaded on the website of the Company and can be accessed from the below mentioned link:

<https://www.hzlindia.com/investors/scheme-of-arrangement/>

8. We request you to kindly take this response on record.

Thanking you  
For Hindustan Zinc Limited

  
Rajendra Pandwal  
Company Secretary



**National Stock Exchange Of India Limited**

Ref: NSE/LIST/29974\_II

August 23, 2022

The Company Secretary  
Hindustan Zinc Limited  
Yashad Bhawan,  
Udaipur-313004.

**Kind Attn.: Mr. Rajendra Pandwal**

Dear Sir,

**Sub: Observation Letter of draft scheme of arrangement between Hindustan Zinc Limited and its shareholder.**

We are in receipt of the draft Scheme of Arrangement filed by Hindustan Zinc Ltd as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated August 22, 2022, has inter alia given concerns on the draft scheme which are placed as Annexure I and its comment(s) on the draft scheme of Arrangement wherein Company shall ensure that the comments shall be part of the explanatory statement sent to shareholders and before NCLT for the purpose of seeking their approval as Annexure.

**Annexure I****I. Facts of the Case in Brief:**

1. Draft Scheme of Arrangement filed by Hindustan Zinc Limited provides for transfer of an amount of Rs.103,83,15,26,729 standing to the credit of the General Reserve to Retained Earnings of the Company.
2. Hindustan Zinc Limited is listed on BSE Limited and National Stock Exchange of India Limited.
3. As per the draft scheme document, the rationale provided by the Company for the scheme is as follows:
  - i Over the years, the Company has built up significant reserves through transfer of profits to the reserves in accordance with provisions of the erstwhile Companies Act, 1956 and erstwhile Rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975.
  - ii Steady growth in sales volume, balanced capital expenditure for continuing operations has helped the Company to achieve a strong track record of generating cash flows. With healthy business practices in place, the Company expects that it will

continue its growth trajectory and its business operations will keep generating incremental cash flow over the coming years.

- iii The company is of the view that the funds represented by the general reserves are in excess of the Company's anticipated operational and business needs in the foreseeable future, thus, these excess funds can be utilized to create further shareholder's value, in such manner and to such extent, as the Board of the Company in its sole discretion, may decide, from time to time and in accordance with the provisions of the Act and other applicable law.
- iv The scheme is in interest of all stakeholders of the Company.

## II. Comments of SEBI on the Draft Scheme of Arrangement:

1. *In terms of section 205(2A) of the erstwhile Companies Act, 1956, it was mandatory for Companies to transfer a certain percentage of profits, not exceeding ten percent, to the reserves, which would be beneficial to both, Company and shareholders, because such reserves would be available to the Company for ploughing them back for expansion of the activities of the Companies and would also be available for declaration of dividends in a lean year.*
2. *The erstwhile Companies (Declaration of Dividend out of Reserves) Rules, 1975 provided that in the event of inadequacy or absence of profits in any year, dividend may be declared by a company for that year out of accumulated profits earned by it in previous years and transferred by it to reserves, subject to conditions that-*
  - i *Rate of dividend declared shall not exceed dividend declared for previous five years or 10% of paid up capital, whichever is less.*
  - ii *Total amount to be transferred from general reserve shall not exceed 10% of paid-up capital and free reserves and amount be first utilized to set off the losses before declaring dividend.*
  - iii *Balance of reserves after such transfer shall not fall below 15% of the paid up capital.*
3. *However, section 123 of the Companies Act, 2013, which corresponds to section 205(2A) of the erstwhile Companies Act, 1956, made effective from September 12, 2013, provides that a Company may, before declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company. Thus, in terms of the above first proviso, to section 123(1) of the Companies Act, 2013, such transfer of profits to reserves has not been made compulsory.*
4. *Incidentally, the second proviso to section 123 of Companies Act, 2013 still provides that where, owing to inadequacy or absence of profits in any financial year, any Company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred by the Company to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be pres*

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Signer: DIPTI VIPUL CHINCHKHEDE  
Date: Tue, Aug 23, 2022 19:28:59 IST  
Location: NSE



5. *In this regard, the Companies (Declaration and Payment of Dividend) Rules, 2014, states as under-*

*"In the event of inadequacy or absence of profits in any year, a Company may declare dividend out of free reserves subject to the fulfilment of the following conditions, namely:-*

- i The rate of dividend declared shall not exceed the average rate at which dividend was declared by it in the three years immediately preceding that year. Provided that this sub-rule shall not apply to a Company which has declared any dividend in each of the three preceding financial years.*
  - ii The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid up share capital and free reserves as appearing in the latest audited financial statement.*
  - iii The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.*
  - iv The balance of reserves after such withdrawal shall not fall below fifteen percent of its paid up share capital as appearing in the latest audited financial statement.*
6. *As a result of this scheme, the funds which were meant for restrictive use, as part of general reserve, would now be available for any purpose, including distribution as dividend, after transfer to P&L Account, which does not have any apparent restrictions on its use.*
7. *By transferring funds from general reserves to P&L Account, the Companies are practically re-transferring funds which had been transferred to the general reserve as per the compulsory provisions existing then under the erstwhile Companies Act, 1956. However, no such explicit provision is provided in the extant law and it is silent on enabling/restraining such retransfer. Nevertheless, the purposes for which general reserve could be utilized does not envisage transfer of the general reserve (compulsory) to P&L Account for an unfettered and unrestricted use.*
8. *The freedom to transfer profits to reserves on a voluntary basis, as outlined in para 3 above, would be prospective in nature, after notification of the 2013 Act. In effect, the Company is attempting to apply the provision for voluntary transfer to reserves, on a retrospective basis by transferring back the entire general reserve to P&L account.*
9. *Further, though the extent provisions of the Companies Act, 2013 do not make it mandatory for transfer to general reserves, Companies (Declaration and Payment of Dividend) Rules, 2014 exist which in effect are having similar provisions as that of Companies (Declaration of Dividend out of Reserves) Rules, 1975. Thus, the right of payment of dividend out of reserves is not an unfettered right and is subject to conditionalities. The only provision done away with is the compulsory transfer from profits to reserves which gives freedom to the Companies in this respect.*

10. *Consequently, the limited freedom given to Companies through the Companies Act, 2013, is with respect to whether or not profits may be transferred to reserves, and not an untrammelled right to utilize the already existing compulsorily transferred reserves in total disregard to the restrictions on usage as contained in the Companies (Declaration and Payment of Dividend) Rules, 2014.*
11. *In a nutshell, the prospective nature of the Section 123 of the Companies Act, 2013 as well as the retention of restrictions on payment of dividend out of accumulated reserves as enshrined in the Companies (Declaration and Payment of Dividend) Rules, 2014, suggests that the lawmakers had neither intended unrestricted use of accumulated profits to pay dividend, nor transfer of reserves to P&L account to possibly pay dividend in this circumlocutory manner. Thus, the conduct of the Company may be at variance with the spirit of the law.*
12. *Once the Scheme is permitted, Hindustan Zinc Limited, is free to use the money liberally disregarding the conservative policies as are contained in Companies (Declaration and Payment of Dividend) Rules, 2014.*
13. *Also, in the instant case, it has not been specified how shareholder value is intended to be created. Such vagueness of purpose and conduct of the management with respect to the possible usage outlined in the paras above, may not be in the interest of shareholders.*
14. *In view of the above, the proposed Scheme may not be justified, both from the legal and the corporate governance point of view.*
15. *It may also be mentioned that in respect of some Schemes providing for similar transactions, in past, the Ministry of Corporate Affairs, had contended before Hon'ble National Company Law Tribunal that Scheme is not in the public interest as it is framed to circumvent the provisions of Section 123 of Companies Act, 2013 and the Companies (Declaration and Payment of Dividend) Rules, 2014.*
16. *Incidentally, it may also be mentioned that Hon'ble Supreme Court in the case of National Confederation of Officers Association of Central Public Sector Enterprises and Ors. Vs. Union of India & Ors. vide order dated November 18, 2021 had inter-alia observed that-*  
  
*“There is sufficient material for registration of a regular case in relation to the 26 percent disinvestment of Hindustan Zinc Limited by the Union Government in 2002. The CBI is directed to register a regular case and proceed in accordance with law.”*

The Company is hereby advised to make Stock Exchange as a party in the matter and suitably articulate the said concerns before the Hon'ble National Company Law Tribunal during the proceedings regarding this scheme.

Please note that the submission of documents/information in accordance with the Circulars, to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI.

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Signer: DIPTI VIPUL CHINCHHEDE  
Date: Tue, Aug 23, 2022 19:28:59 IST  
Location: NSE

SEBI does not take any responsibility either for the financial soundness of any Scheme or for the correctness of the statements made or opinions expressed in the documents submitted.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the Circular.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines/ Regulations issued by statutory authorities. The validity of this “Observation Letter” shall be six months from August 23, 2022, within which the scheme shall be submitted to NCLT.

Kindly note, this Exchange letter should not be construed as approval under any other Act /Regulation/rule/bye laws (except as referred above) for which the Company may be required to obtain approval from other department(s) of the Exchange. The Company is requested to separately take up matter with the concerned departments for approval, if any

**The Company shall ensure filing of compliance status report stating the compliance with each point of Observation Letter on draft scheme of arrangement on the following path: NEAPS > Issue > Scheme of arrangement > Reg 37(1) of SEBI LODR, 2015> Seeking Observation letter to Compliance Status.**

Yours faithfully,  
For National Stock Exchange of India Limited

Dipti Chinchkhede  
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL:  
<https://www.nseindia.com/companies-listing/raising-capital-further-issues-main-sme-checklist>

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To  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
Mumbai – 400 001

September 02, 2022

Kind Attn: Mr. Prasad Bhide, Senior Manager and Ms. Tanmayi Lele, Assistant Manager

[BSE Scrip Code: 500188]

**Sub: Response to the Observation Letter dated August 23, 2022 issued by BSE Limited**

**Ref: Application for obtaining approval under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") for the Scheme of Arrangement between Hindustan Zinc Limited ("Company") and its shareholders under Section 230 and other applicable provisions of the Companies Act, 2013 ("Act") ("Scheme").**

Dear Sir, Madam

1. We acknowledge with thanks the receipt of the Observation Letter dated August 23, 2022 ("**Observation Letter**"), issued by your good office in connection with the Scheme.
2. We also take note of the no objection to the Scheme by stating the following in the Observation Letter:

*"In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT."*

3. We understand that, pursuant to requirements of Master Circular dated November 23, 2021 on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 issued by the Securities and Exchange Board of India ("**SEBI**") ("**Master Circular**"), the Observation Letter *inter alia* provides for concerns and comments of the SEBI on the Scheme as specified in Annexure I, Annexure II and Annexure III respectively. Copy of the Observation Letter is annexed hereto as **Exhibit A** for ready reference.
4. In order to provide better context to the comments/ observation made by the SEBI in the Observation Letter, the Company *vide* its email dated August 22, 2022, has submitted the following response to the SEBI on the queries received post filing of the draft Scheme with Stock Exchanges pursuant to Regulation 37 of the LODR Regulations:

*"Basis our telephonic conversation on 10 August 2022 in connection with the Scheme of Arrangement between Hindustan Zinc Limited ("**Company**") and its shareholders ("**Scheme**"), kindly refer to our responses mentioned below:*

1. In terms of provisions of Sections 230 to 232 of the Companies Act, 2013 ("**2013 Act**"), the Board of Directors of the Company, at their meeting held on January 21, 2022, had *inter alia*

*Affirmed*



unanimously approved the Scheme. The proposed Scheme is an arrangement between the Company and its shareholders. Pursuant to this Scheme, it proposed to transfer the amounts standing to the credit of general reserves account of the Company to the retained earnings account of the Company.

2. As you are aware, Section 205(2A) of the erstwhile Companies Act, 1956 read with Companies (Transfer of Profits to Reserves) Rules 1975, mandated every company to transfer, in any financial year, a specific portion out of the profits of the company for that year arrived at, after providing for depreciation, to the general reserves account of the company, before declaring any dividend to the shareholders.
3. After repealing the 1956 Act and introduction of the 2013 Act, taking into consideration the changing times and evolving law including the appreciating the shareholder rights, the erstwhile provisions relating to transfer of a portion of profits to general reserves account of the company were done away with. Today, there are no corresponding provisions under the 2013 Act or rules made thereunder which mandates a company, to transfer a portion of its profits to its general reserves prior to payment of dividend or mandate a company to continue to maintain a general reserves account. In other words, the legislature has acknowledged that the profits of a company belong to its shareholders and the board of directors of the company and its shareholders are best judge to utilize the same for the benefit of the shareholders in a manner they may deem appropriate.
4. As aforesaid, the amounts standing to the credit of the general reserves account of the Company, is nothing but a part of the post-tax profits of the Company and are accumulated pursuant to mandatory requirements of the erstwhile Companies Act, 1956 and Companies (Transfer of Profits to Reserves) Rules, 1975. The erstwhile provisions of the Companies Act, 1956, while mandating the transfer of amounts to general reserves account also provided for the manner in which the amounts standing to the credit of the general reserves account were required to be utilised. With the repeal of the erstwhile Companies Act, 1956 and Companies (Transfer of Profits to Reserves) Rules 1975, and in absence of any requirements under the 2013 Act or rules made thereunder, the requirement to continue to maintain the said amounts in the general reserves account or transfer the amounts from the general reserves account to the retained earnings account and utilize the same for creating value for the shareholders is completely left at the discretion of the Board of Directors of the Company and its shareholders, in the manner in which the Board of Directors and the shareholders of the Company deem it appropriate. In order to create value for the shareholders, the first step is to transfer the amounts standing to the credit of the general reserves account of the Company to the account from where it was transferred in the first place, i.e. the retained earnings account. This is in line with the cardinal principle of Companies Act that all profits (unless some restrictions are imposed under law) are for the benefit of shareholders of a company as the shareholders are providing the risk capital. We would like to bring to your kind attention that even during the existence of the 1956 Act and Rules framed thereunder, certain companies like Nestle India Limited (C.P No. 141/ 2007, High Court of Delhi) was permitted to transfer the amounts standing to the credit of general reserve account to retained earnings account pursuant to a scheme of arrangement with the shareholders. In the said scheme, the grounds for such transfer was to create shareholder value and that the amounts transferred are nothing but accumulated profits of the company which are required to be utilized for the shareholders to create value for them.

*Manshu J*



5. Pursuant to the proposed Scheme, the Company believes that it will provide greater flexibility to it to enable, among other things, to issue payouts to its shareholders. Further, if the amounts standing to the credit of the general reserves account of the Company are transferred to retained earnings account, a stronger position of the retained earnings account of the Company will be created which consequently will generate better shareholder value. The Board of Directors of the Company believes that such a transfer would not only be in the interest of shareholders and create higher shareholder value, but also not be prejudicial to the interest of any stakeholders.
6. Currently, there is no provision under the Act which enables or restricts the transfer of amounts standing credit to the general reserves of a company to its retained earnings. Further, as aforesaid, even during the existence of the erstwhile Companies Act, 1956, jurisdictional High Courts have permitted company like Nestle India Limited (C.P No. 141/ 2007, High Court of Delhi), to undertake such a transfer through a scheme of arrangement under the erstwhile Sections 391 to 394 of the Companies Act, 1956. Even, under the corresponding provisions of Sections 230 to 232 of the Act, the Securities and Exchange Board of India and the various Benches of the National Company Law Tribunal (“NCLT”) have permitted companies like Hindustan Unilever Limited (TCSP No. 151 of 2017, NCLT, Mumbai Bench), International Paper APPM Limited (CP No. 416 of 2016, NCLT, Hyderabad Bench), Prime Securities Limited (CP.CAA No. 1084 of 2020, NCLT, Mumbai Bench), The Tata Power Company Limited (CP.CAA No. 42 of 2021, NCLT, Mumbai Bench), Nestle India Limited (CA.CAA.30/230-232/ND/2022, NCLT, New Delhi Bench, currently ongoing) etc. to undertake such a transfer through a scheme of arrangement whereby amounts standing to the credit of the general reserves account were transferred to the retained earnings account. Some companies have undertaken such transfer without undertaking a scheme of arrangement. You will appreciate that, the Company is following the best corporate governance practice for transfer of amounts standing to the credit of general reserves account to retained earnings account through transparent mechanism of scheme of arrangement which will not only be approved by shareholders at an NCLT directed meeting (convened pursuant to the requirements of Section 230 to 232 of the 2013 Act), but will also go through the scrutiny of various regulatory authorities including the NCLT.
7. It may be noted that while transfer of amounts standing to credit of the general reserves account to retained earnings account is being proposed and once the Scheme if approved by NCLT, the utilisation of the amounts from the retained earnings account will be undertaken as may be permissible under the relevant provisions of the 2013 Act. The selection of method to reward the shareholders of the Company is dependent upon various external and internal factors like overall business environment of the Indian economy, financial position of the Company etc., which would be quite difficult for the Company to ascertain at this stage. However, kindly note that the Company will duly follow requisite provisions of the Act while determining the exact method to reward its shareholders.

We request you to kindly take the above responses on record and oblige.

Regards  
 R Pandwal”

5. Specifically in connection with the Paragraph 16 of Annexure II of the Observation Letter, the SEBI has stated the following:

*R Pandwal*



16) Incidentally, it may also be mentioned that Hon'ble Supreme Court in the case of National Confederation of Officers Association of Central Public Sector Enterprises and Ors. Vs. Union of India & Ors. vide order dated November 18, 2021 had inter-alia observed that –

*"There is sufficient material for registration of a regular case in relation to the 26 percent disinvestment of Hindustan Zinc Limited by the Union Government in 2002. The CBI is directed to register a regular case and proceed in accordance with law."*

6. In order to provide better context to the aforesaid comments/ observations made by the SEBI, the Company vide its email dated June 9, 2022, has *inter alia* submitted the following response to the SEBI on the queries received post filing of the draft Scheme with Stock Exchanges pursuant to Regulation 37 of the LODR Regulations:

*"Hindustan Zinc Ltd ("HZL") was a public sector undertaking whose shares were divested by the Government of India in the year 2002 as a part of the disinvestment drive. The Hon'ble Supreme Court of India vide its order dated 18 November 2021 directed the Central Bureau of Investigation ("CBI") to lodge an FIR for the suspected irregularities in the valuation and the process undertaken by the Government of India for divestment of its holding in HZL. The said order dated 18 November 2021, issued by the Hon'ble Supreme Court of India is already available in the public domain. HZL is not a direct party to the case and case was registered between Union of India v/s National Confederation of Officers Association of Central Public Sector Enterprises and Ors.*

*Since HZL is not a direct party to the case, except for the information available in public domain and the aforesaid cause of action mentioned in the said order issued by the Hon'ble Supreme Court of India, HZL is not privy to any further information and/ or data with respect to the investigation carried out by CBI.*

*Further, following the practice of good corporate governance, on November 18, 2021, HZL immediately informed the stock exchanges about the said order issued by the Hon'ble Supreme Court of India. Copy of the said intimation sent to stock exchanges by HZL is attached for your ready reference."*

7. We believe that it is relevant to put this information in public domain as it clarifies the nature of the Scheme and the concerns and comments mentioned in your Observation Letter. The Observation Letter and this response letter is also uploaded on the website of the Company and can be accessed from the below mentioned link:

<https://www.hzllndia.com/investors/scheme-of-arrangement/>

8. We request you to kindly take this response on record.

Thanking you  
For Hindustan Zinc Limited

  
Rajendra Pandwal  
Company Secretary



DCS/IPO/TL/ESOP-IP/2456/2022-23

“E-Letter”

August 23, 2022

The Company Secretary,  
**HINDUSTAN ZINC LTD.**  
Yashad Bhawan, Udaipur,  
Rajasthan, 313004

Dear Sir,

**Sub: Observation Letter regarding the Scheme of Arrangement between Hindustan Zinc Ltd and its Shareholders**

We are in receipt of the draft Scheme of Arrangement filed by **Hindustan Zinc Ltd** as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated August 22, 2022, **has inter alia given concerns on the draft scheme which are placed as Annexure I and it's comment(s) on the draft scheme of Arrangement wherein Company shall ensure that the comments shall be part of the explanatory statement sent to shareholders and before NCLT for the purpose of seeking their approval as Annexure II:**

**Annexure I**

**I.FACTS OF THE CASE IN BRIEF:**

- 1) Draft Scheme of Arrangement filed by Hindustan Zinc Limited provides for transfer of an amount of Rs.103,83,15,26,729 standing to the credit of the General Reserve to Retained Earnings of the Company.
- 2) Hindustan Zinc Limited is listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- 3) As per the draft scheme document, the rationale provided by the company for the scheme is as follows:
  - i. Over the years, the Company has built up significant reserves through transfer of profits to the reserves in accordance with provisions of the erstwhile Companies Act, 1956 and erstwhile Rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975.
  - ii. Steady growth in sales volume, balanced capital expenditure for continuing operations has helped the Company achieve a strong track record of generating cash flows. With healthy business practices in place, the Company expects that it will continue its growth trajectory and its business operations will keep generating incremental cash flow over the coming years.
  - iii. The company is of the view that the funds represented by the general reserves are in excess of the Company's anticipated operational and business needs in the foreseeable future, thus, these excess funds can be utilized to create further shareholder's value, in such manner and to such extent, as the Board of the Company in its sole discretion, may decide, from time to time and in accordance with the provisions of the Act and other applicable law.
  - iv. The scheme is in interest of all stakeholders of the Company



## **II.COMMENTS OF SEBI ON THE DRAFT SCHEME OF ARRANGEMENT:**

- 1) In terms of section 205(2A) of the erstwhile Companies Act, 1956, it was mandatory for companies to transfer a certain percentage of profits, not exceeding ten percent, to the reserves, which would be beneficial to both, company and shareholders, because such reserves would be available to the company for ploughing them back for expansion of the activities of the companies and would also be available for declaration of dividends in a lean year.
- 2) The erstwhile Companies (Declaration of Dividend out of Reserves) Rules, 1975 provided that in event of inadequacy or absence of profits in any year, dividend may be declared by a company for that year out of accumulated profits earned by it in previous years and transferred by it to reserves, subject to conditions that-
  - i. Rate of dividend declared shall not exceed dividend declared for previous five years or 10% of paid up capital, whichever is less.
  - ii. Total amount to be transferred from general reserve shall not exceed 10% of paid-up capital and free reserves and amount be first utilized to set off the losses before declaring dividend.
  - iii. Balance of reserves after such transfer shall not fall below 15% of the paid up capital.
- 3) However, section 123 of the Companies Act, 2013, which corresponds to section 205(2A) of the erstwhile Companies Act, 1956, made effective from September 12, 2013, provides that a company may, before declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the company. Thus, in terms of the above first proviso, to section 123(1) of the Companies Act, 2013, such transfer of profits to reserves has not been made compulsory.
- 4) Incidentally, the second proviso to section 123 of Companies Act, 2013 still provides that where, owing to inadequacy or absence of profits in any financial year, any company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred by the company to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be prescribed in this behalf.
- 5) In this regard, the Companies (Declaration and Payment of Dividend) Rules, 2014, states as under –

In the event of inadequacy of absence of profits in any year, a company may declare dividend out of free reserves subject to the fulfilment of the following conditions, namely:-

- i. The rate of dividend declared shall not exceed the average of rate at which dividend was declared by it in the three years immediately preceding that year. Provided that this sub-rule shall not apply to a company which has declared any dividend in each of the three preceding financial years.
- ii. The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid up share capital and free reserves as appearing in the latest audited financial statement.

- iii. The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.
  - iv. The balance of reserves after such withdrawal shall not be below fifteen percent of its paid up share capital as appearing in the latest audited financial statement.
- 6) As a result of this scheme, the funds which were meant for restrictive use, as part of general reserve, would now be available for any purpose, including distribution as dividend, after transfer to P&L Account, which does not have any apparent restrictions on its use.
- 7) By transferring funds from general reserves to P&L Account, the companies are practically re-transferring funds which had been transferred to the general reserve as per the compulsory provisions existing then under the erstwhile Companies Act, 1956. However, no such explicit provision is provided in the extant law and it is silent on enabling/restraining such retransfer. Nevertheless, the purposes for which general reserve could be utilized does not envisage transfer of the general reserve (compulsory) to P&L Account for an unfettered and unrestricted use.
- 8) The freedom to transfer profits to reserves on a voluntary basis, as outlined in para 3 above, would be prospective in nature, after notification of the 2013 Act. In effect, the company is attempting to apply the provision for voluntary transfer to reserves, on a retrospective basis by transferring back the entire general reserve to P&L account.
- 9) Further, though the extent provisions of the Companies Act, 2013 do not make it mandatory for transfer to general reserves, Companies (Declaration and Payment of Dividend) Rules, 2014 exist which in effect are having similar provisions as that of Companies (Declaration of Dividend out of Reserves) Rules 1975. Thus, the right of payment of dividend out of reserves is not an unfettered right and is subject to conditionalities. The only provision done away with is the compulsory transfer from profits to reserves which gives freedom to the companies in this respect.
- 10) Consequently, the limited freedom given to companies through the Companies Act, 2013, is with respect to whether or not profits may be transferred to reserves, and not an untrammelled right to utilize the already existing compulsorily transferred reserves in total disregard to the restrictions on usage as contained in the Companies (Declaration and Payment of Dividend) Rules, 2014.
- 11) In a nutshell, the prospective nature of the Section 123 of the Companies Act, 2013 as well as the retention of restrictions on payment of dividend out of accumulated reserves as enshrined in the Companies (Declaration and Payment of Dividend) Rules, 2014, suggests that the lawmakers had neither intended unrestricted use of accumulated profits to pay dividend, nor transfer of reserves to P&L account to possibly pay dividend in this circumlocutory manner. Thus, the conduct of the company may be at variance with the spirit of the law.
- 12) Once the scheme is permitted, Hindustan Zinc Limited, is free to use the money liberally disregarding the conservative policies as are contained in Companies (Declaration and Payment of Dividend) Rules, 2014.

- 13) Also, in the instant case, it has not been specified how shareholder value is intended to be created. Such vagueness of purpose, and conduct of the management with respect to the possible usage outlined in the paras above, may not be in the interest of shareholders.
- 14) In view of the above, the proposed scheme may not be justified, both from the legal and the corporate governance point of view.
- 15) It may also be mentioned that in respect of some Schemes providing for similar transactions, in past, the Ministry of Corporate Affairs, had contended before Hon'ble National Company Law Tribunal that Scheme is not in the public interest as it is framed to circumvent the provisions of Section 123 of Companies Act, 2013 and the Companies (Declaration and Payment of Dividend) Rules, 2014.
- 16) Incidentally, it may also be mentioned that Hon'ble Supreme Court in the case of National Confederation of Officers Association of Central Public Sector Enterprises and Ors. Vs. Union of India & Ors. vide order dated November 18, 2021 had inter-alia observed that –

**"There is sufficient material for registration of a regular case in relation to the 26 percent disinvestment of Hindustan Zinc Limited by the Union Government in 2002. The CBI is directed to register a regular case and proceed in accordance with law."**

### III.

**"Company is advised to make Stock Exchanges a party in the matter and they should suitably articulate the said concerns before the NCLT during the proceedings regarding this scheme."**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- i. To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- ii. To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- iii. To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities. Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,  
Sd/-

**Prasad Bhide**  
**Senior Manager**

Sd/-

**Tanmayi Lele**  
**Assistant Manager**



HINDUSTAN ZINC  
Zinc & Silver of India

Date: March 28, 2022

To  
Manager - Listing Compliance  
National Stock Exchange of India Limited  
Exchange Plaza  
Bandra-Kurla Complex, Bandra (East)  
Mumbai – 400 051

**Scrip Code: HINDZINC**

**Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) for the Scheme of Arrangement between Hindustan Zinc Limited (“Company”) and its shareholders proposed to be filed under Section 230 and other applicable provisions of Companies Act, 2013 (“the Act”)**

**Ref: Report on Complaint in terms of Para I(A)(6) of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/000000665 dated November 23, 2021 as amended from time to time (“SEBI Master Circular”).**

Dear Sir/ Madam,

This is in reference to the Scheme filed by the Company under Regulation 37 of the SEBI Listing Regulations with BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) on February 9, 2022.

As per Para I(A)(6) of the SEBI Master Circular, the Company is inter-alia required to submit a ‘Report on Complaints’ containing the details of complaints received by the Company on the Scheme from various sources within 7 days of expiry of 21 days from the date of uploading of the draft Scheme and related documents on the website of the relevant stock exchange.

The period of 21 days from the date of uploading of the draft Scheme along with related documents by NSE on its website i.e. March 4, 2022, has expired on March 25, 2022, accordingly, we attach herewith a ‘Report on Complaints’, as **Annexure-1** to this letter.

The Report on Complaints is also being uploaded on the website of the Company, i.e., [www.hzindia.com](http://www.hzindia.com), as per requirement of the aforementioned said SEBI Master Circular.

We request you to take the above on record as compliance under the applicable provisions of the SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 and SEBI Circulars.

Thanking You  
Yours sincerely  
For Hindustan Zinc Limited

**Rajendra Pandwal**  
Company Secretary & Compliance Officer



**Hindustan Zinc Limited**

Registered Office: Yashad Bhawan, Udaipur (Rajasthan) - 313 004

T +91-294 660 4000-02 F +91294-242 7739 www.hzindia.com

CIN : L27204RJ1966PLC001208

## Annexure -1

**COMPLAINTS REPORT**

[In respect of Scheme of Arrangement between Hindustan Zinc Limited and its shareholders]

**Period of Complaints Report:** March 4, 2022 to March 25, 2022**Part A**

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchanges/ SEBI	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Not applicable
5.	Number of complaints pending	Not applicable

**Part B**

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable		

*Mandwani*

**Hindustan Zinc Limited**

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T +91-294 660 4000-02 F +91294-242 7739 www.hzindia.com

CIN : L27204RJ1966PLC001208



Date: March 10, 2022

To  
The General Manager  
Department of Corporate Services  
BSE Limited  
P.J. Towers,  
Dalal Street, Mumbai – 400 001

**Scrip Code: HINDZINC**

**Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the Scheme of Arrangement between Hindustan Zinc Limited ("Company") and its shareholders proposed to be filed under Section 230 and other applicable provisions of Companies Act, 2013 ("the Act")**

**Ref: Report on Complaint in terms of Para I(A)(6) of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 as amended from time to time ("SEBI Master Circular").**

Dear Sir/ Madam,

This is in reference to the Scheme filed by the Company under Regulation 37 of the SEBI Listing Regulations with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on February 9, 2022.

As per Para I(A)(6) of the SEBI Master Circular, the Company is inter-alia required to submit a 'Report on Complaints' containing the details of complaints received by the Company on the Scheme from various sources within 7 days of expiry of 21 days from the date of uploading of the draft Scheme and related documents on the website of the relevant stock exchange.

The period of 21 days from the date of uploading of the draft Scheme along with related documents by BSE on its website i.e. February 15, 2022, has expired on March 8, 2022, accordingly, we attach herewith a 'Report on Complaints', as **Annexure-1** to this letter.

The Report on Complaints is also being uploaded on the website of the Company, i.e., [www.hzindia.com](http://www.hzindia.com), as per requirement of the aforementioned said SEBI Master Circular.

We request you to take the above on record as compliance under the applicable provisions of the SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 and SEBI Circulars.

Thanking You  
Yours sincerely  
For Hindustan Zinc Limited

**Rajendra Pandwal**  
Company Secretary & Compliance Officer



**Hindustan Zinc Limited**

Registered Office: Yashad Bhawan, Udaipur (Rajasthan) - 313 004

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CIN : L27204RJ1966PLC001208

## Annexure -1

**COMPLAINTS REPORT**

[In respect of Scheme of Arrangement between Hindustan Zinc Limited and its shareholders]

**Period of Complaints Report:** February 15, 2022 to March 8, 2022**Part A**

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchanges/ SEBI	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Not applicable
5.	Number of complaints pending	Not applicable

**Part B**

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable		

**Hindustan Zinc Limited**

Registered Office: Yashad Bhawan, Udaipur (Rajasthan) - 313 004

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CIN : L27204RJ1966PLC001208



**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF HINDUSTAN ZINC LIMITED ("COMPANY") AT ITS MEETING HELD ON JANUARY 21, 2022, EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT BETWEEN THE COMPANY AND ITS SHAREHOLDERS UNDER SECTION 230 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT 2013 ("SCHEME") ON THE EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS OF THE COMPANY**

---

**BACKGROUND**

1. The Board of Directors of the Company ("Board") at its meeting held on January 21, 2022 has approved the Scheme.
2. The Scheme provides for capital reorganization of the Company, *inter alia*, providing for transfer of amounts standing to the credit of the General Reserves (*as defined in the Scheme*) to the Retained Earnings (*as defined in the Scheme*) of the Company.
3. The Appointed Date for the Scheme means the Effective Date (*as defined in the Scheme*)<sup>1</sup>.
4. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.
5. The rationale and the benefits of the Scheme which, *inter-alia*, are as follows:
  - 5.1 *Over the years, the Company has built up significant reserves through transfer of profits to the reserves in accordance with provisions of the erstwhile Companies Act, 1956 and erstwhile rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975.*
  - 5.2 *Steady growth in sales volume, balanced capital expenditure for continuing operations has helped the Company achieve a strong track record of generating cash flows. With healthy business practices in place, the Company expects that it will continue its growth trajectory and its business operations will keep generating incremental cash flow over the coming years.*
  - 5.3 *The Company is of the view that the funds represented by the General Reserves are in excess of the Company's anticipated operational and business needs in the foreseeable future, thus, these excess funds can be utilized to create further shareholders' value, including for payment of dividend, in such manner and to such extent, as the Board of the Company in its sole discretion, may decide, from time to time and in accordance with the provisions of the Act and other Applicable Law.*
  - 5.4 *The Scheme is in the interest of all stakeholders of the Company.*

**VALUATION DIFFICULTIES (IF ANY)**

The Scheme envisages capital reorganization of the Company, *inter alia*, providing for transfer of amounts standing to the credit of the General Reserves to the Retained Earnings of the Company.

*Anurag Mishra*



Pursuant to the Scheme no consideration, in form of cash, shares or otherwise, is proposed to be paid by the Company. Accordingly, there is no requirement to obtain a valuation report from a registered valuer, in connection with shares, assets or business of the Company. Since, valuation report is not required for the present Scheme, there is also no requirement to obtain any fairness opinion from a merchant banker.

Thus, in view of the above, the question of the Company facing special valuation difficulties does not arise.

**EFFECT OF THE SCHEME ON THE EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL (KMPs), PROMOTERS AND NON-PROMOTER SHAREHOLDERS**

**1. Equity Shareholders (including Promoter and Non-promoter)**

In terms of the Scheme, no consideration shall be issued by the Company. Thus, there is no change in the shareholding pattern (including promoter and non-promoter equity shareholders) or share capital of the Company pursuant to the Scheme.

**2. Key Managerial Personnel (KMPs)**

The Scheme will have no effect on KMPs of the Company. Upon effectiveness of the Scheme, the KMPs of the Company will continue to be KMPs of the Company as before.

**On behalf of the Board of Hindustan Zinc Limited**



**Arun Misra**  
**CEO & Whole-time Director**  
**Place: Udaipur**  
**Date: January 21, 2022**



**S.R. BATLIBOI & CO. LLP**

Chartered Accountants

2<sup>nd</sup> & 3<sup>rd</sup> Floor,  
Golf View Corporate Tower - B  
Sector 42 Road  
Gurugram - 122 002, Haryana, India  
Tel: +91 124 681 6000

**Revised Independent Auditor's Report on accounting treatment contained in draft Scheme of arrangement amongst Hindustan Zinc Limited and its Shareholders**

To,  
The Board of Directors,  
Hindustan Zinc Limited,  
Yashad Bhawan,  
Udaipur, Rajasthan – 313004

We, the statutory auditors of Hindustan Zinc Limited, (hereinafter referred to as “the Company”), have examined the proposed accounting treatment specified in paragraph 5 of the Certified Draft Scheme of Arrangement (hereinafter referred to as “Scheme”) between the Company and its shareholders in terms of provisions of Sections 230 to 232 of the Companies act, 2013 read with rules made thereunder and other applicable provisions of the Companies Act, 2013 (the ‘Act’) to confirm whether it is in compliance with the applicable accounting standards notified under section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015 as may be amended from time to time and Other Generally Accepted Accounting Principles (‘Applicable Accounting Standards’). This certificate is being issued in supersession of our earlier certificate dated January 21, 2022, which hereby stands withdrawn for reasons stated in Annexure 1 which is an integral part of this certificate.

This revised certificate is to be read together with our comments in Annexure 1.

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

Based on our examinations and according to the information and explanations given to us, we report that there is no specific accounting treatment specified for transfer from general reserves to free reserves in accounting standards prescribed under Section 133 of the Act. Accordingly, in our opinion the proposed accounting treatment contained in the paragraph 5 of the Scheme is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all applicable accounting standards prescribed under section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other generally accepted accounting principles

This Revised Certificate is issued at the request of the Company pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the NSE, BSE, SEBI and NCLT. This revised certificate is to be read together with Annexure

**S.R. BATLIBOI & Co. LLP**

Chartered Accountants

which forms an integral part of this certificate. This Revised Certificate should not be used for any other purpose without our prior written consent.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**AJAY**  
**BANSAL**

Digitally signed by AJAY BANSAL  
DN: cn=AJAY BANSAL, c=IN,  
o=Personal,  
email=ajay.bansal@srb.in  
Date: 2022.02.18 10:22:33 +05'30'

**Per Ajay Bansal**

Membership Number: 502243

UDIN: 22502243ADAAPS9896

Place : Gurgaon

Date : February 18, 2022

**S.R. BATLIBOI & CO. LLP**

Chartered Accountants

**Annexure I which forms part of the Revised certificate**

1. This Revised Certificate is issued in accordance with the terms of the Master Engagement Agreement (the "MEA") dated October 21, 2021 and the service scope letter (the "SSL") dated October 21, 2021 between S. R. Batliboi & Co. LLP ("we" or "us" or "SRBC") and Hindustan Zinc Limited (hereinafter the "Company").
2. We are informed that the Company had filed the aforementioned Scheme with the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') together with our report dated January 21, 2022. We are issuing this revised certificate in response to the queries raised by NSE in supersession of our earlier certificate dated January 21, 2022, which hereby stands withdrawn. Consequentially, our opinion has been reworded in this revised certificate. We have received an undertaking from the management that this revised certificate and the fact of supersession of the Original Certificate be brought to the attention of all recipients of such previous (superseded) certificate and such Original Certificate shall be replaced with this revised certificate, wherever such Original Certificate has been used/distributed.
3. The attached Scheme is prepared by the Company, which is required to be submitted by the Company to the BSE, NSE, National Company Law Tribunal ('NCLT') and Securities and Exchange Board of India ("SEBI") or any other authority as required under the Act and initialled by us for identification purposes only.

**Managements' Responsibility**

4. The preparation of the Scheme is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
5. The management of the Company is also responsible for ensuring that the Company complies with the requirements of the Act, and for providing all relevant information to the NCLT and any other regulatory authority in connection with the Scheme.

**Auditor's Responsibility**

6. Pursuant to the requirements of Section 230 of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, our responsibility is to express reasonable assurance in the form of an opinion based on our examination and according to information and explanations given to us as to whether the proposed accounting treatment prescribed in the Scheme complies with the applicable accounting standards and other Generally Accepted Accounting Principles.
7. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the reporting criteria. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated with the Reporting Criteria. Accordingly, we have performed the following procedures in relation to the Revised Certificate:

**S.R. BATLIBOI & Co. LLP**

Chartered Accountants

- i. Read the proposed accounting treatment specified in paragraph 5 of the Scheme.
  - ii. Examined the accounting treatment as described in paragraph 5 of the Scheme with the SEBI (Listing Obligations and Disclosure Requirements) and applicable accounting standards and other Generally Accepted Accounting Principles. While assessing the proposed accounting treatment we have also considered the guidance issued by ICAI to the extent relevant.
  - iii. Performed necessary inquiries with the management and obtained necessary representations from the management.
8. Our examination did not extend to any aspects of a legal or propriety nature covered in the paragraph 5 of the Scheme. Further, our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be to express an opinion in the specified elements, accounts or items thereof, for the purpose of this revised certificate. Accordingly, we do not express such opinion. Further, our examination did not extend to any aspects of legal or propriety nature of the Petition and other compliances thereof.
  9. We performed procedures in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
  10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Restriction on Use**

11. This revised certificate has been prepared at the request of the Company for submission to NCLT and SEBI or any other authority as required under the Act. It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come. We have no responsibility to update this revised certificate for events and circumstances occurring after the date of this revised certificate.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**AJAY**  
**BANSAL**

Digitally signed by AJAY BANSAL  
 DN: cn=AJAY BANSAL, c=IN,  
 o=Personal,  
 email=ajay.bansal@srb.in  
 Date: 2022.02.18 10:23:06 +05'30'

**Per Ajay Bansal**

Membership Number: 502243

UDIN: 22502243ADAAPS9896

Place: Gurgaon

Date: February 18, 2022