

# Corporate Governance Report

## CODE OF GOVERNANCE

Company's Philosophy of Corporate Governance continues to rest on Transparency and accountability which are the two basic tenets of Corporate Governance. Responsible corporate conduct is integral to the way Company does its business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. The Company remains resolute in its commitment to conduct business in accordance with the highest ethical standards and sound Corporate Governance practices, to enhance Company's brand and image. This approach to value creation emanates in our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all. Company's Business Ethics & Code of Conduct provides the overarching philosophy of its Corporate Governance practices. Our Business Ethics & Code of Conduct inspires us to set standards which not only meet applicable legislation but go beyond in many areas of our functioning. Sustainable governance requires highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long-term value for all our stakeholders. All Directors and employees are bound by Code of Conduct that sets out the fundamental standards to be followed in all actions carried out on behalf of the Company.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR)). The Company has adopted best practices mandated in SEBI (LODR). This chapter, along with those in the Business Review Section and Additional Shareholder Information, reports the Company's compliance with SEBI (LODR).

## BOARD OF DIRECTORS

The Board is at the core of our Corporate Governance Practice. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous

review and benchmark ourselves to best practices across industries.

As trustees, the Board has a fiduciary responsibility towards all the shareholders and ensures that the Company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfilment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils all stakeholders' aspirations and societal expectations.

### (i) Composition of the Board

The composition of Board is an appropriate combination of Executive and Non-executive Directors with right element of independence. As on March 31, 2020, the Company's Board comprised of seven Directors, out of which three are women Directors. Further, amongst them two are nominated by Government of India, two are nominated by promoters, two are independent Directors and one Executive Director. As the Chairperson is related to the promoters, in compliance to clause 17(1)(b) of SEBI (LODR), the Company is required to have at least one half of total Directors as independent Directors; however, at the year end, the Company is short by two independent directors including one independent woman director as per clause 17(1)(a). The non-executive Directors are appointed or re-appointed based on the recommendation of the Nomination & Remuneration Committee, which considers their overall experience, expertise and industry knowledge. One third of the non-executive Directors of the Company other than independent Directors, are liable to retire by rotation every year and are eligible for reappointment, subject to approval by the shareholders at the Annual General Meeting (AGM). independent Directors have confirmed their independence. All the Board members have confirmed that they are not disqualified to act as Director of the Company. Average tenure of Board Members is more than 6 years. Against the requirement of one woman director, company is having three women directors at the year end.



- Non-executive and Non-independent Chairman
- Executive and Whole-time Directors
- Non-executive and Non-independent Directors
- Non-independent Directors



- Men
- Women

### (ii) Number of Board Meetings

The Board of Directors met five times during the financial year, on May 02, July 19, August 21, October 29 in 2019 and on January 20 in 2020. The maximum time gap between any two meetings was less than 120 days and at least one meeting was held in each calendar quarter. The agenda for each meeting is prepared well in advance, along with explanatory notes and timely distributed to all Directors.

### (iii) Attendance and Directorships Held

As mandated by the SEBI (LODR), none of the Directors are members of more than ten board-level committees nor are they chairman of more than five committees in which they are members. Further, all the Directors

have confirmed that they do not serve as an independent director in more than seven listed companies or where they are whole-time directors in any listed company, then they do not serve as independent director in more than three listed companies. Further Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the management.

The names and categories of the Directors on the Board, their attendance at Board meeting during the year and at last AGM, as also the number of Directorships and Committee memberships held by them in other Companies are shown in Table 1

**Table 1: Composition of the Board of Directors**

Name of Director	Relationship with Other Directors	Category	No. of Meetings Held	No. of Meetings Attended	Whether Attended Last AGM	No. of Outside Directorships of Public Companies	No. of Outside Committee Memberships#	No. of Outside Committee Chairmanships#
Mrs. Kiran Agarwal	Relative of Mr. Navin Agarwal	NED	5	5	Yes	-	-	-
Mr. Navin Agarwal	Relative of Mrs. Kiran Agarwal	NED	5	5	No	1 <sup>@</sup>	-	-
Mr. A. R. Narayanaswamy	None	ID & NED	5	5	Yes	6 <sup>@</sup>	5	2
Mr. Arun L. Todarwal <sup>^</sup>	None	ID & NED	5	5	Yes	8 <sup>@</sup>	5	4
Mr. Sunil Duggal <sup>^^</sup>	None	ED	5	4	Yes	1	-	-
Ms. Reena Sinha Puri <sup>§</sup>	None	NED	5	5	No	3	2	-
Ms. Farida M. Naik <sup>§</sup>	None	NED	5	3	No	-	-	-

**Notes:**

§ Nominees of Government of India

# Only Audit Committee and Stakeholder Relationship Committee considered as per SEBI (LODR)

@ Excludes foreign companies: Mr. Arun L. Todarwal-1, Mr. A. R. Narayanaswamy-1, Mr. Navin Agarwal - 1

ID: Independent Director as defined in the Companies act 2013 and SEBI (LODR) 2015

NED: Non-executive Director, ED: Executive Director

<sup>^</sup> Holds 2,000 shares in his name, 1,200 shares held by relatives.

<sup>^^</sup> 12 shares held by relative.

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## Directorship in Other Listed Companies in India

Name of Director	Name of the Listed entity including Debt Listed Entities	
	Name of Entity	Category
Mrs. Kiran Agarwal (02227122)	-	-
Mr. Navin Agarwal (00006303)	Vedanta Limited	Executive Chairman
Mr. Sunil Duggal (07291685)	-	-
Mr. A. R. Narayanaswamy (00818169)	Sterlite Technologies Limited	Director
	Bharat Aluminium Company Limited	Director
Mr. Arun L. Todarwal (00020916)	Sterlite Technologies Limited	Director
	Anuh Pharma Limited	Director
	Welspun India Limited	Director
	Welspun Global Brands Limited	Director
	Bharat Aluminium Company Limited	Director
Mrs. Reena Sinha Puri (07753040)	Coal India Limited	Director
	Northern Coalfields Limited	Director
	-	-
Ms. Farida M. Naik (07612050)	-	-

## Diversity and inclusion

Your Company continues to recognise that an appropriate mix of diversity and skills is key for introducing different perspectives into Board discussion and for better anticipating the risks and opportunities in building a long-term sustainable business. As set out in the charts below, each member of the Board offers a range of core skills and experience that is relevant to the successful operation of your Company.

The below table summarises the key qualifications, skills and attributes which are taken into consideration while nominating to serve on the Board.

<b>Business Leadership</b>	Sustainable success in business at a senior executive level
<b>Financial expertise</b>	Proficiency in financial accounting and reporting, corporate finance and internal controls, corporate funding, and associated risks.
<b>Natural Resources</b>	Senior executive experience in a large global mining organisation involved in the discovery, acquisition, development and marketing of natural resources.
<b>Capital projects</b>	Experience working in an industry with projects involving large-scale long-cycle capital outlays.
<b>Experience</b>	Experience of working/ handling multiple Indian/ global locations, exposed to a range of political, cultural, regulatory and business environments
<b>ESG</b>	Familiarity with issues associated with workplace health and safety, asset integrity, environment and social responsibility, and communities.
<b>Corporate Governance Government &amp; International relations</b>	Experience with a major organisation that demonstrates rigorous governance standards Interaction with government and regulators and involvement in public policy advocacy
<b>Technology/Digital</b>	A strong understanding of technology and innovation, and the development and implementation of initiatives to enhance production.

In the table below, the specific areas of focus or expertise of individual board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skills:

Name of Director	Areas of Expertise									
	Business Leadership	Financial expertise	Natural Resources	Capital projects	Experience	ESG	Corporate Governance	Government & International relations	Technology/Digital	
Kiran Agarwal	✓	✓	✓	✓	✓	✓	✓	✓		
Navin Agarwal	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Sunil Duggal	✓	✓	✓	✓	✓	✓	✓	✓	✓	
A. R. Narayanaswamy	✓	✓	✓	✓	✓	✓	✓	✓		
Arun L. Tadarwal	✓	✓	✓	✓	✓	✓	✓	✓		
Reena Sinha Puri	✓	✓	✓	✓	✓	✓	✓	✓		
Farida M. Naik	✓	✓		✓	✓	✓	✓	✓		

#### (iv) Information Supplied to the Board

The Board has complete access to all information of the Company and has been regularly provided advanced detailed information as a part of the agenda papers or is tabled therein. In addition, detailed quarterly performance report by the CEO is presented in the quarterly Board meeting, encompassing all facets of the Company's operations during the quarter, including update of key projects, outlook and matters relating to environment, health & safety, corporate social responsibility etc. The following information is provided to the Board as a part of the agenda papers:

- Annual and Quarterly financial statements for the Company and the Accounting Policy
- Minutes of the meetings of the Audit Committee and other Committees of the Board
- Annual business plan
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary, whenever required
- Expansion projects and its status monitoring
- Materially important notices of show cause, demand, prosecution and penalty, if any
- Fatal accidents or any material environmental problems, if any
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company, if any

- Any issue involving possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Details of any joint venture or significant collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any
- Significant labour issues and their proposed solutions, whenever necessary
- Any significant development in human resources or industrial relations including long-term wage agreement, major voluntary retirement scheme, etc.
- Sale and purchase of material equity investments and fixed assets, which is not in the normal course of business, if any
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material
- Quarterly disclosure of all the investments made
- Material non-compliance of any regulatory, statutory nature or listing requirements and shareholders service, such as non-payment of dividend, delay in share transfer and others, if any

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- Quarterly review of compliance status under various laws applicable to the Company
- Corporate Social Responsibility activities
- Substantial non-payment of goods sold by Company except disputes
- Related Party Transactions, if they are not at arm's length or not in the ordinary course of business
- Near term outlook
- All other matters required to be placed before the Board for its review or information or approval under the statutes.

## (v) Remuneration to Directors

Non-executive Directors except Government Directors in the employment of the Government are paid a remuneration in the form of commission and a fixed sitting fee for each meeting, as approved by the Board and within statutory limits. The remuneration paid to Mr. Sunil Duggal, CEO & Whole-time Director is as per the approval granted by the Board and the shareholders. For FY 2019-20, the total remuneration is as shown in Table 2A and Table 2B. Payment of commission to Non-executive Directors and Independent Directors has been approved by the shareholders up to the limit specified under the Companies Act, subject to the annual amount approved by the Board.

**Table 2 A: Sitting fee and Commission of Non-executive Directors for FY 2019-20 (In ₹)**

Name of Director	Category	Sitting fees	Commission
Mrs. Kiran Agarwal, Chairman	Non-executive	2,75,000	25,00,000
Mr. Navin Agarwal	Non-executive	2,50,000	15,00,000
Mr. A. R. Narayanaswamy	Independent	5,75,000	15,00,000
Mr. Arun L. Todarwal	Independent	4,75,000	15,00,000

**Table 2 B: Remuneration paid to Executive Director for FY 2019-20 (In ₹)**

Name of Director	Category	Salary, perquisites & other allowances	Stock option of ultimate holding Company	Total
Mr. Sunil Duggal	CEO & Whole-time Director	6,16,71,451	-	6,16,71,451

Non-executive Directors, other than Mr. Arun L. Todarwal, do not hold any shares of the Company and they have no pecuniary relationships or transactions vis-à-vis the Company, except as mentioned above. The Company has not granted any stock options to any of its Directors.

During FY 2019-20, the Company did not advance any loan or guarantee to any of its Directors.

## (vi) Meetings of Independent Directors

The Company's Independent Directors met once during the financial year 2019-20 on January 29 & 30, 2020. Such meetings were conducted to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views.

## (vii) Familiarisation programme for Directors

The Board members are provided with necessary documents, reports, internal policies and site visits to enable them to familiarise themselves with the Company's operations, its procedures

and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and business risks and sustainability. Details of the familiarisation programme are available on website of the Company, <https://www.hzindia.com/investors/corporate-governance/>

## (viii) Succession Planning

The Company believes that sound succession plans for the senior leadership are very important for creating a robust future for the Company. The Human Resources, Nomination and Remuneration Committee works along with the Human Resource team of the Company for a structured leadership succession plan.

## (ix) Performance evaluation criteria for Directors

The Nomination and Remuneration Committee has devised a criteria for evaluation of the performance of the Directors including the

Independent Directors. The said criteria provides certain parameters like attendance, acquaintance with business, communication inter se between board members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, benchmarks established by global peers etc., which is in compliance with applicable laws, regulations and guidelines.

**(x) Director retiring by rotation**

As per law, two-third of non-executive and non-independent Directors should retire by rotation. One-third of these Directors are required to retire every year and if eligible, offer themselves for re-appointment. Ms. Farida M. Naik would retire in upcoming AGM and being eligible, has offered herself for re-appointment. A brief profile of Ms. Farida M. Naik is as follows.

**Ms. Farida M. Naik**  
Director

Ms. Farida M. Naik was appointed on the Board on March 14, 2017. She is currently a Director in Ministry of Mines, Government of India. She has held various positions in different ministries and departments of Central Government, which includes her last stint as Joint Director of National Book Trust.

She is an alumnus of Sophia College, Mumbai from where she graduated in Psychology.

**(xi) Committees of the Board**

The Company has five Board-level committees Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Nomination & Remuneration Committee and Risk Management Committee.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

**Board and Committee Composition**

Name of Director	Board	Audit Committee	Stakeholder Relationship Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Risk Management Committee
Mrs. Kiran Agarwal	Chairman	-	-	Member	-	-
Mr. Navin Agarwal	Member	-	-	-	-	-
Mr. A. R. Narayanaswamy	Member	Chairman	Chairman	Member	Chairman	Chairman
Mr. Arun L. Tadarwal	Member	Member	-	Chairman	-	-
Mr. Sunil Duggal	Member	-	Member	-	Member	Member
Ms. Reena Sinha Puri	Member	Member	-	-	Member	-
Ms. Farida M. Naik	Member	-	Member	-	-	-
<b>Total no. of members</b>	<b>7</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>

**a) Audit Committee**

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations;
- safeguarding of assets and adequacy of provisions for all liabilities;
- reliability of financial and other management information and adequacy of disclosures;
- compliance with all relevant statutes
- update on related-party transactions and key risks

Mr. A. R. Narayanaswamy is the Chairman of the Audit Committee. Details of meetings held and attendance record is given in Table 3.

The time gap between any two meetings was less than 120 days and at least one meeting was held in each calendar quarter. The Committee met four times in the financial year under review on May 02, July 19 and October 29 in 2019 and on January 20, 2020. The details of the Audit Committee are given in Table 3.



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**Table 3: Attendance record of Audit Committee Meetings**

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended	Sitting fees (₹)
Mr. A. R. Narayanaswamy	Chairman	ID & NED	4	4	1,00,000
Mr. Arun L. Todarwal	Member	ID & NED	4	4	1,00,000
Ms. Reena Sinha Puri	Member	NED	4	4	-

The Chief Financial Officer, the representative of the Statutory Auditors (S. R. Batliboi & Co. LLP), Internal Auditors (Deloitte Haskins & Sells LLP) and Head of Management Assurance Cell are invitees to the Audit Committee meetings. The Company Secretary is the Secretary to the Committee.

Mr. A. R. Narayanaswamy is a Chartered Accountant and Chairman of the Audit Committee and all the members of the Audit Committee are well versed with financial management. The quorum for the meeting of the Audit Committee is two members. The Audit Committee functions in accordance with its constitution and charter, framed in compliance with SEBI (LODR).

The Role and functions of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees
- Approval of payment to statutory auditors for any other services rendered by them
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - › matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134 of the Companies Act, 2013
  - › changes, if any, in accounting policies and practices and reasons for the same
  - › major accounting entries involving estimates based on the exercise of judgement by management

- › significant adjustments made in the financial statements arising out of audit findings, if any
- › compliance with listing and other legal requirements relating to financial statements
- › approval of related party transactions and their subsequent modifications, if any
- › scrutiny of inter corporate loans and advances
- › qualifications if any in the draft statutory auditor report
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing with the management, performance of statutory and internal auditors, their independence, effectiveness of audit process and adequacy of the internal financial control systems
- Reviewing the adequacy of internal audit plan
- Discussion with internal auditors on any significant findings and follow up thereof
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors, if any
- Reviewing the functioning of the vigil and whistle-blower mechanism

- Appointment of the Chief Financial Officer of the Company, as and when required
- Carrying out any other function, as is mentioned in the terms of reference of the Audit Committee
- Valuation of undertaking of the assets of the Company, wherever necessary

The Audit Committee is empowered pursuant to its terms of reference to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Business overview including results of its operations and financial condition
- All related party transactions
- Management letters and letters of internal control weaknesses issued by the statutory auditors

- Internal audit reports relating to internal control weaknesses and review of processes
- The appointment, removal and terms of remuneration of the Auditors.

During the year, all related party transactions were pre-approved by the Audit Committee and were at arm's length and in the ordinary course of business. There was no material transaction with any of the related parties of the Company for the year.

**b) Stakeholders Relationship Committee**

Mr. A. R. Narayanaswamy is the Chairman of the Stakeholders Relationship Committee. The Committee met twice during the financial year under review on May 02, 2019 and January 20, 2020.

The primary function of the Committee is to address investor and stakeholders' complaints pertaining to transfers or transmission of shares, non-receipt of dividend and any other related matters as prescribed under Section 178 of the Companies Act, 2013. The minutes of each of the Committee meetings are reviewed by the Board. The attendance details are mentioned in Table 4.

**Table 4: Attendance Record of Stakeholder Relationship Committee Meetings**

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended	Sitting fees (₹)
Mr. A. R. Narayanaswamy	Chairman	ID & NED	2	2	50,000
Mr. Sunil Duggal	Member	ED	2	2	-
Ms. Farida M. Naik	Member	NED	2	1	-

The matters, if any, requiring Board's attention are informed to the Board by the Committee Chairman. Mr. R. Pandwal, Company secretary, is the compliance officer of the Company.

Details of queries and grievances received and addressed by the Company during FY 2019-20 is given in Table 5.

**Table 5: Nature of complaints received and attended to during FY 2019-20**

1.	Number of complaints received from the investors comprising non-receipt of dividend warrants, non-receipt of securities sent for transfer and transmission, complaints received from SEBI/Registrar of Companies/ Bombay Stock Exchange/ National Stock Exchange/ SCORE and so on	19
2.	Number of complaints resolved	19
3.	Number of complaints not resolved to the satisfaction of the investors as on March 31, 2020	0
4.	Complaints pending as on March 31, 2020	0
5.	Number of Share transfers pending for approval, as on March 31, 2020	0



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The Board has delegated the power of approving physical transfer and transmission of shares to the Share Transfer Committee consisting of CEO & WTD, CFO and Company Secretary.

## c) Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee as on March 31, 2020 consisted of three members. The Committee met twice during the financial year under review on April 25, 2019 and January 30, 2020.

Mr. A. R. Narayanaswamy is the Chairman of the Committee, while Mr. Sunil Duggal and Mrs. Reena Sinha Puri are the members.

The primary function of the Committee is to monitor the CSR function of the Company in furtherance to Company's CSR Vision & Mission. The Committee is responsible for framing the CSR policy of Company and tracks implementation of key CSR projects approved by it during the financial year. In this financial year, the Company has spent ₹131.65 Crore on CSR activities.

**Table 6: Attendance Record of CSR Committee Meetings**

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended	Sitting fees (₹)
Mr. A. R. Narayanaswamy	Chairman	ID & NED	2	2	50,000
Mr. Sunil Duggal	Member	ED	2	1	-
Mrs. Reena Sinha Puri	Member	NED	2	1	-

## d) Nomination & Remuneration Committee

The Nomination & Remuneration Committee as on March 31, 2020 consisted of three members. The Committee met four times during the financial year under review on May 02, August 07, August 21 and December 20, 2019. The primary function of the Committee is to recommend to the Board the appointment or reappointment of Directors, remuneration of Directors and Key Managerial Personnel (KMPs), formulate criteria for evaluation of Independent Directors, Board diversity, identification and selection of persons who could be appointed as Independent Directors etc.

## Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Human Resources, Nomination and Remuneration Committee, for appointment, as an Independent Director on the Board. The Committee inter alia considers qualification, positive attributes, area of expertise by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation and takes appropriate decision.

**Table 7: Attendance Record of Nomination and Remuneration Committee Meetings**

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended	Sitting fees (₹)
Mr. Arun L. Todarwal	Chairman	ID & NED	4	4	1,00,000
Mr. A. R. Narayanaswamy	Member	ID & NED	4	4	1,00,000
Mrs. Kiran Agarwal*	Member	NED	3	1	25,000

\*Appointed as member on 02/05/2019

As per the requirement of Companies Act, 2013 and SEBI (LODR), the Nomination & Remuneration Committee has carried out a performance review of the individual Directors on the following parameters:

- The size and composition (executive, non-executive, independent members and their background in terms of

knowledge, skills and experience) of the Board is appropriate

- The Board conducts itself in such a manner that it is seen to be sensitive to the interests of all stakeholders (including minority shareholders) and it has adequate mechanism to communicate with them
- The Board is active in addressing matters of strategic concerns in its

- review of the Board agenda with the executive management
- The Board makes well-informed high-quality decisions on the basis of full information and clear insight into Company's business
  - The Board is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations
  - The Board meets frequently enough and for sufficient duration to enhance its effectiveness
  - The Board meeting time is appropriately allocated between management presentation and Board discussion
  - The Board has a good understanding of the Company's key drivers of performance and associated risks, threats and opportunities
  - The Board devotes considerable amount of time in developing the business strategy and annual business plan
  - The Board has clearly defined the mandates of its various Committees and effectively oversees their functioning
  - The Board is effective in formulating and monitoring various financial and non-financial policies and plans
  - The Board is effective in developing a corporate governance structure that allows and encourages the Board to fulfil its responsibilities
- The Board pays considerable attention to the quality of financial reporting process and internal financial controls and effectively oversees them
  - The Board regularly follows up on its decisions to ensure that action is taken on all its decisions
  - The Board gives effective advice and assistance for achieving the Company's mission and vision.
  - Board Members performance is assessed through internal assessment.
- The Committee expressed its overall satisfaction on the performance of the individual Board members and the overall Board.

**e) Risk Management Committee**

The Risk Management Committee as on March 31, 2020 consisted of two members. Mr. A. R. Narayanaswamy is the Chairman of the Committee and Mr. Sunil Duggal is the member. Due to COVID-19 lockdown across India, committee meeting could not be held. However, Risk Management Committee meeting for the year 2019-20 will be held before June 30, 2020, being the extended time provided by SEBI. The primary function of the Committee is to review the major risks identified by the Management, along with its mitigation plan, monitoring and reviewing the Company's risk management plan and to apprise the Board on risk assessment and minimisation procedures. Please refer to the Risk Management section of this annual report for more details.

## SHAREHOLDERS MATTERS

### (i) Dividend

During the year, the Company declared interim dividend of 825% i.e. ₹16.50 per share of ₹2/- each.

### (ii) Listing

At present, the equity shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The annual listing fees for FY 2019-20 to BSE and NSE have been paid. The addresses of stock exchanges are as under:

BSE Limited 25th Floor, P.J. Towers, Dalal Street, Fort, Mumbai - 400 001	National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex Bandra (East) Mumbai - 400 051
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**Table 8: Stock Exchange Codes**

Name of the Stock Exchange	Stock Code	ISIN Code
National Stock Exchange of India Limited	HINDZINC	INE 267A01025
BSE Limited	500188	

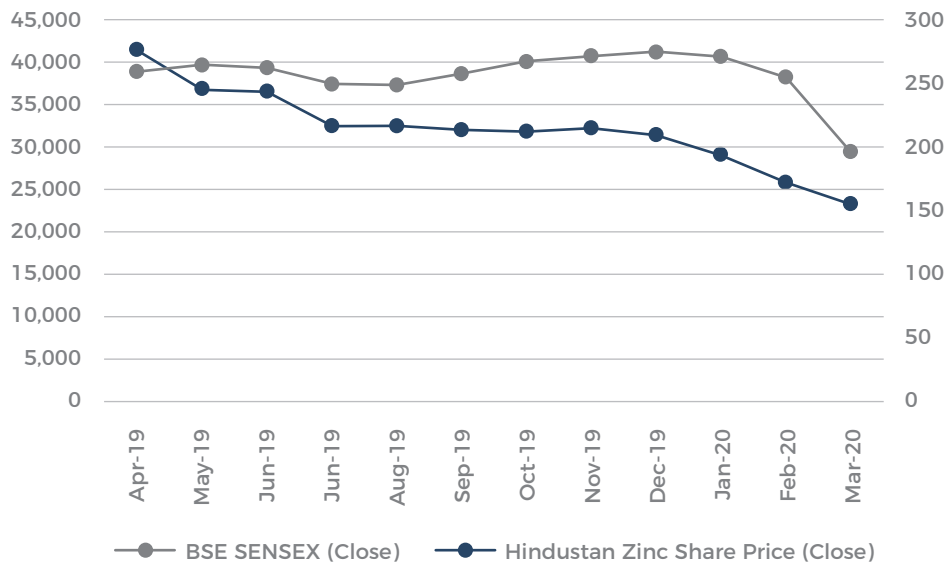
**(iii) Stock Market Data**

**Table 9: High, Lows and Volumes of the Company's Shares for FY 2019-20**

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
Apr-19	291.80	268.50	735176	291.65	268.25	11521474
May-19	277.80	245.00	655286	277.60	244.55	15230288
Jun-19	251.80	225.70	607113	251.70	225.85	16301372
Jul-19	248.45	211.40	745532	248.55	211.05	18545635
Aug-19	222.15	193.00	1302564	222.30	193.05	20176074
Sep-19	224.10	197.30	1490417	224.00	197.25	25940740
Oct-19	225.00	199.00	1199369	224.80	203.00	15183134
Nov-19	220.85	205.55	946217	220.65	205.05	15857375
Dec-19	217.8	204.25	447504	217.95	204.50	7900407
Jan-20	224.60	193.35	969137	224.45	193.50	17375651
Feb-20	198.40	170.00	697937	198.70	170.00	8989774
Mar-20	177.00	122.00	1416127	177.15	116.05	15013606

**Chart: Share Performance versus BSE Sensex**

**Hindustan Zinc Share Price/BSE (Sensex) Monthly Close**



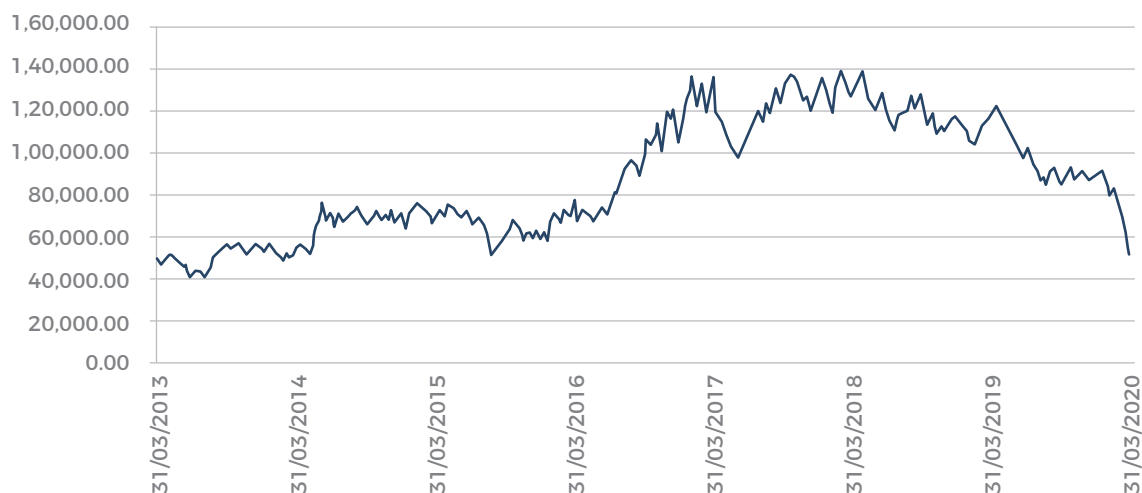
**Market Capitalisation Performance from March 31, 2013 to March 31, 2020 (₹ In Crore)**

**(iv) Distribution of Shareholding**

Table 10 and 11 list the distribution of the shareholding of the equity shares of the Company by size and by ownership class, as on March 31, 2020.

**Table 10: Shareholding Pattern by Size on March 31, 2020**

Distribution schedule as on March 31, 2020						
Sl. No.	No. of Shares		No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1	1	- 5000	132794	98.68	34723289	0.82
2	5001	- 10000	916	0.68	6993335	0.17
3	10001	- 20000	507	0.38	7375009	0.17
4	20001	- 30000	112	0.08	2779548	0.07
5	30001	- 40000	61	0.05	2137955	0.05
6	40001	- 50000	37	0.03	1702815	0.04
7	50001	- 100000	57	0.04	4253316	0.10
8	100001	& ABOVE	83	0.06	4165353733	98.58
<b>Total</b>			<b>134567</b>	<b>100.00</b>	<b>4225319000</b>	<b>100.00</b>

# Corporate Governance Report continued

**Table 11: Shareholding Pattern by ownership as on March 31, 2020**

Category	No. of Shares	% of Shareholding
<b>A PROMOTER'S HOLDING</b>		
<b>1 PROMOTERS</b>		
- INDIAN PROMOTORS VEDANTA LIMITED	2743154310	64.92
- FOREIGN PROMOTORS	0	
<b>Sub-Total (A) (1)</b>	<b>2743154310</b>	<b>64.92</b>
<b>B PUBLIC SHARE HOLDING</b>		
<b>1 Institutions</b>		
(a) Mutual Funds	17311123	0.41
(b) Venture Capital Funds	0	0.00
(c) Alternate Investment Fund	591000	0.01
(d) Foreign Venture Capital Investors	0	0.00
(e) Foreign Portfolio Investors	41998486	0.99
(f) Financial Institutions/Banks	1278038	0.03
(g) Insurance Companies	90654448	2.15
(h) Provident Funds/Pension Funds	0	0.00
(i) Any other	0	0.00
Qualified Institutional Buyer	4988867	0.12
<b>Sub-Total (B) (1)</b>	<b>156821962</b>	<b>3.71</b>
<b>2 Central Governments/State Governments</b>	2015181	0.04
<b>Sub-Total (B) (2)</b>	<b>2015181</b>	<b>0.04</b>
<b>3 Non-Institutions</b>		
(a) (i) Individual Shareholders holding nominal share capital up to ₹2 Lakh	49559649	1.17
(ii) Individual Shareholders holding nominal share capital in excess of ₹2 Lakh	1373722	0.03
(b) NBFC's Registered with RBI	7828	0.00
(c) Employee Trusts	0	0.00
(d) Overseas Depositories (Holding DRs)	0	0.00
(e) Any other		
President of India	1247950590	29.54
Non-Resident Indian Repatriable	159276	0.00
Trusts	142650	0.00
Non-Resident Indian	1816476	0.04
Clearing Members	139098	0.00
Other Schedule Banks	0	0.00
Non-Resident Indian Non-Repatriable	787833	0.02
Bodies Corporate	19346708	0.46
IEPF	32417	0.00
HUF	2004200	0.05
Foreign Nationals	7100	0.00
<b>Sub-Total (B) (3)</b>	<b>1323327547</b>	<b>31.32</b>
<b>Total Public Shareholding (B)= (B) (1)+(B) (2)+(B) (3)</b>	<b>1,482,164,690</b>	<b>35.08</b>
<b>GRAND TOTAL</b>	<b>4,225,319,000</b>	<b>100.00</b>

**v) Dematerialisation of Shares**

The shares of the Company are compulsory traded in dematerialised form only. The Company's shares are available for trading in the depository system of both NSDL and CDSL. As at the financial year end 4222749750 equity shares forming 99.94% of the share capital of the Company, stand dematerialised.

The Company's share is actively traded on both the stock exchanges, namely BSE and NSE. Any shareholder desiring to transfer his shares either in physical form or to get the physical shares converted into electronic form, may contact the Company Secretary or the RTA for necessary advice and the procedure.

**(vi) Outstanding GDRs/ ADRs/ Warrants/ Options**

The Company has not issued any Global Depository Receipts/ American Depository Receipts/ Warrants/ Options.

listed and the same were published in select newspapers.

The financial results and official news releases are also displayed on the website of the Company ([www.hzlindia.com](http://www.hzlindia.com)). Annual Report containing inter alia Audited Annual Financial Statements, Board's Report, Auditors Report and other important and statutory information are circulated to all members and to others entitled thereto. The Business Review along with CEO and CFO certificate forms a part of the Annual Report.

**(vii) Details of Public Funding Obtained in the Last Three Years**

No public funding has been obtained in the last three years.

Presentations made to the institutional investors or to the analysts from time to time are available on the Company's web site under investor relations section.

**(viii) Communication with Shareholders and others**

The Company published its quarterly, half yearly and yearly results in the form as prescribed under SEBI (LODR) within the prescribed time. The results were sent to stock exchanges where shares are

**Table 12: Details of the Announcement of the Financial Results for FY 2019-20**

Description	Date
Unaudited Financial Results for the quarter ended on June 30, 2019	July 19, 2019
Unaudited Financial Results for the quarter and half year ended on September 30, 2019	October 29, 2019
Unaudited Financial Results for the quarter and nine months ended on December 31, 2019	January 20, 2020
Audited Financial Results for the quarter and year ended on March 31, 2020	May 21, 2020

In addition to this, if there is any other announcement affecting the shareholders or public, it is duly informed to the stock exchanges and published in newspapers for the benefit of shareholders and public at large. The same are also placed on the website of the Company for information of all.

**(ix) General Body Meetings**

**Table 13: Details of the last three General Body Meetings**

Date	AGM	Location	Time
August 18, 2017	51st AGM	Yashad Bhawan, Udaipur, Rajasthan	2.30 P.M.
August 31, 2018	52nd AGM	Yashad Bhawan, Udaipur, Rajasthan	2.30 P.M.
July 31, 2019	53rd AGM	Yashad Bhawan, Udaipur, Rajasthan	2.30 P.M.

In the last three Annual General Meetings, special resolution was passed only for the reappointment of Statutory Auditors.

**Annual General Meeting**

Date: September 3, 2020  
Time: 12 Noon  
Venue: VC/OAVM

within the statutory time period provided under the Act.

**Financial Calendar**

The Company follows the financial year i.e. April to March for accounting purposes.

**Book Closure**

The dates of book closure are from August 31, 2020 to September 2, 2020, both days inclusive.

For the year ending March 31, 2021, financial results will be announced

**(x) Postal Ballot**

During the current year, no approval of shareholders was taken through Postal Ballot.



# Corporate Governance Report continued

**(xi) Registrar and Transfer Agent**

KFin Technologies Private Limited  
(Formerly known as Karvy Fintech Private Limited)  
Selenium Tower B, Plot Nos. 31 & 32 |  
Financial District  
Nanakramguda | Serilingampally Mandal |  
Hyderabad - 500 032 | India  
Ph. No.: +91 40 67161591  
Fax No.: 040-23311968  
E-mail: anandan.k@kfintech.com

## GOVERNANCE & COMPLIANCE

### 1. Code of Conduct

Our values and principles are enshrined in the Business Ethics & Code of Conduct ('Code') applies to all executives of the Company. All Board members and all executives annually affirm compliance with the Code. This Code also ensures compliance with the provisions of the SEBI (LODR). All executives were imparted training during the year in addition to 100% of new joinees.

These covers:

- Guidelines on Corporate Communication
- Securities Dealing Code (Insider Trading Regulations)
- Whistle-Blower Policy
- Gift Policy
- The UK Bribery Act
- Foreign Corrupt Practices Act (USA)
- Fraud
- Human Rights
- Antitrust Compliance for Restricting Anti-competitive Practices
- Health, Safety & Environment
- Political Contribution
- Sexual Harassment

The Code also covers Whistle-Blower policy and Vigil Mechanism, which is available on the website of the Company, <https://www.hzllindia.com/about-hzl/code-of-conduct/>. The annual declaration of its compliance by senior management personnel of the Company is given by the CEO & Whole-time Director, the same is annexed. During the year no personnel was denied access to the Audit Committee.

We adhere to Section 184 of the Companies Act, 2013 which requires that every Director of a Company who is in any way concerned or interested in a contract or arrangement, is required to disclose the nature of his concern or interest annually at a meeting of the Board of Directors.

### 2. Internal Control System

On the recommendation of the Audit Committee, the Company appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as the internal auditors of the Company for the financial year 2019-20. Documents, policies and authorisation guidelines comply with the level of responsibility and standard operating procedures specific to the respective businesses. Observations made in internal audit reports on business processes, systems, procedures and internal controls and implementation status of recommended remedial measures by M/s. Deloitte Haskins & Sells LLP – Internal Auditors, are presented quarterly to the Audit Committee of the Board. The Company has a well-established internal control system and procedures and the same has been working effectively throughout the year.

### 3. Risk Management

The Company operates in conditions where economic, environment and social risk are inherent to its businesses. To overcome this and as per requirement of SEBI (LODR), Board has formed a Risk Management Committee to oversee the mitigation plan for the key risks faced by the Company.

The Company has developed a very comprehensive risk management policy under which all key risks and mitigation plans are compiled into a Risk Matrix. The same is reviewed quarterly by senior management and periodically also by the Risk Management Committee of the Board. The Risk Matrix contains the Company's assessment of impact and probability of each significant risk and mitigation steps taken or planned. The Company has unit-wise Risk Matrix which is reviewed quarterly by Unit and Location Management.

For a detailed discussion, please refer to section on Risk Management Framework.

### 4. Compliance

Our compliance systems cover a multitude of statutory obligations and ensures adherence

to all applicable laws and regulations. During FY 2019-20, no material and uncontested financial or non-monetary sanctions were imposed upon the Company except as disclosed in the Financial Statements. Some of the key compliance aspects are dealt with below:

**(a) Disclosure of Related Party Transactions**

There have been no related party transactions with the Company’s Promoters, Directors, Management or their relatives which have a potential conflict with the interests of the Company. Members may refer to disclosures made in Note No. 36 to Financial Statements in compliance of Regulation 23 of SEBI (LODR) and Ind-AS 24. All the related party transactions are at arm’s length price and in the ordinary course of business and with the prior approval of the Audit Committee. As per Section 177 and 188 of the Companies Act, 2013, Related Party Transaction policy is also available on the Company website, <https://www.hzllindia.com/about-hzl/code-of-conduct/>

**(b) Disclosure of Accounting Treatment in Preparation of Financial Statements**

The Company follows the guidelines of Accounting Standards referred to in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 together with Ind AS issued by the Institute of Chartered Accountants of India.

**(c) Compliance with Capital market regulations**

The Company has complied with all the requirements of regulatory authorities and no penalties or strictures were imposed on the Company by stock exchanges or SEBI or any other statutory authority on any matter related to capital market during the last three years.

In compliance with SEBI’s regulation on prevention of insider trading, the Company has instituted a comprehensive insider trading code for its management and

designated executives, which advises them on procedures to be followed and disclosures to be made while dealing with shares of the Company and cautioning them of the consequences of violations. No violations have been reported during the year.

Since the Company is short of Independent Directors, during the year BSE and NSE had imposed penalty of ₹36.10 Lakh on the Company and the same had been paid.

**(d) Vigil Mechanism**

The Company has formatted a Vigil Mechanism for Directors and employees to report genuine concerns. The Vigil Mechanism provides adequate safeguards against victimisation of any person who avail the mechanism and also provides for direct access to the Chairperson of the Audit Committee. The designated E-mail ID for lodging the complaints under Vigil Mechanism or Whistle-Blower is [hzl.whistleblower@vedanta.co.in](mailto:hzl.whistleblower@vedanta.co.in) and has also provided dedicated phone number. The same is also available on the website of the Company.

**(e) Share Transfer system**

The Board has delegated the power of approving physical transfer and transmission of shares to the Share Transfer Committee consisting of CEO & WTD, CFO and Company Secretary.

**(f) Credit rating**

Company is rated by 2 agencies - namely CRISIL - Long-Term - AAA, Short-Term- A1+ ; and by India Ratings Short-Term- A1+

**(g) During the year company has not raised any funds through preferential allotment or qualified institutions placement as specified under regulation 32(7A)**

**(h) Fee disclosure as required by clause 10(K), part C, schedule V of SEBI (LODR) regulation 2015.**

Total fees for all services paid by the Company on a consolidated basis to S. R. Batliboi & Co. LLP (statutory auditors of the Company) and to entities of the network of which the statutory auditor is a part for the year ended March 31, 2020 is as follows:

	Amount (₹)
Audit and related services	1,91,11,000
Other fees	10,14,934
<b>Total</b>	<b>2,01,25,934</b>

# Corporate Governance Report continued

**(i) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities**  
**Fluctuation in commodity prices**

**Impact:** Prices of the Company's finished goods are linked to international benchmark ie. LME (for Zinc and Lead) and LBMA (or silver) and are strongly influenced by global economic conditions and global demand supply for the products. Volatility in commodity prices and demand may adversely affect our earnings, cash flow and reserves.

**Mitigation:** We consider exposure to commodity price fluctuations to be an integral part of company's business and its usual policy is to sale its products at prevailing market prices, and not to enter into long-term price hedging arrangements. However, to minimise price risk for finished goods and to achieve monthly average hedging is done. In exceptional circumstances, we may enter into strategic hedging with prior approval of the Company Management. The Company monitors the commodity markets closely to determine the effect of price fluctuations on earnings, capital expenditure and cash flows.

**Currency exchange rate fluctuations**

**Impact:** Our assets, earnings and cash flows are influenced by a variety of currencies. Fluctuations in exchange rates of those

currencies may have an impact on our financials. Although the majority of the Company's revenue is tied to commodity prices that are typically priced by reference to the US dollar, a significant part of its expenses are incurred and paid in local currency.

**Mitigation:** We do not speculate in forex. We have developed robust controls in forex management to monitor, measure and hedge currency risk liabilities. The Treasury team, reviews our forex-related matters periodically and suggests necessary courses of action as may be needed by businesses from time to time, and within the overall framework of our forex policy.

The Company strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged. The Company uses forward exchange contracts to hedge the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies as well as financing transactions denominated in foreign currencies. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed.

Sl. No.	Commodity Name(1)	Exposure in INR towards the particular commodity (in Absolute)	Units	Exposure in quantity towards the particular commodity	% of such exposure hedged through commodity derivatives				Total
					Domestic market		International market		
					OTC	Exchange	OTC	Exchange	
1	Zinc	126,451,161,519	MT	680,017	0%	0%	40%	9%	48%
2	Silver	24,445,580,708	MT	586	0%	0%	22%	16%	37%
3	Lead	26,992,304,154	MT	179,663	0%	0%	75%	0%	75%

1. The term 'exposure' shall mean gross exposure of the listed entity including exposure both on the asset and liability side.
2. If the listed entity has exposure in non-rupee terms, the Indian rupee equivalent after conversion shall be used for the aforesaid disclosures. Please use closing exchange rate for conversion

**(j) CEO and CFO Certification**

The CEO and CFO certification of the Financial Statements for FY 2019-20 is enclosed at the end of this report.

**(k) Certificate of Non-Disqualification of Directors**

Certificate from Mr. Shashikant Tiwari, Practising Company Secretary, confirming

that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI, Ministry of Corporate Affairs, or any such other Statutory Authority, as stipulated under Regulation 34(3) of the Listing Regulations, is attached to this Report.

(l) The Company has complied with all mandatory requirements of SEBI (LODR) Regulations, 2015 including discretionary requirements. The ones not yet adopted are as follows:

- Maintenance of Chairman's office: Currently Chairman is a non-executive Chairman.
- Communication of half yearly results to each household of members: Results are placed on the Company's website and published in leading newspapers.

**(m) Additional Shareholder Information**

**Registered Office**

Hindustan Zinc Limited  
Yashad Bhawan  
Udaipur - 313 004  
Rajasthan

**Plant Locations**

**Mining Units (all in Rajasthan):**

Rampura Agucha Mine	: Bhilwara District
Sindesar Khurd Mine	: Rajsamand District
Zawar Mines	: Udaipur District
Rajpura Dariba Mine	: Rajsamand District
Kayad Mine	: Ajmer District

**Smelting Units (all in Rajasthan):**

Chanderiya Lead Zinc Smelter	: Chittorgarh District
Dariba Smelting Complex	: Rajsamand District
Debari Zinc Smelter	: Udaipur District

**Captive Power Plants (all in Rajasthan):**

Chanderiya Lead Zinc Smelter	: Chittorgarh District
Dariba Smelting Complex	: Rajsamand District
Zawar	: Udaipur District

**Processing & Refining Units:**

Pantnagar Metal Plant	: Rudrapur District (Uttarakhand)
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**Discontinued Units:**

Vizag Zinc Smelter	: Visakhapatnam District (Andhra Pradesh)
Tundoo Lead Smelter	: Dhanbad District (Jharkhand)
Maton Mine	: Udaipur District
Haridwar Zinc Plant	: Haridwar District (Uttarakhand)

**Wind Power Farms:**

Samana	: Jamnagar District (Gujarat)
Gadag	: Gadag District (Karnataka)
Gopalpura	: Hassan District (Karnataka)
Mokal	: Jaisalmer District (Rajasthan)
Osiyan	: Jodhpur District (Rajasthan)
Chakala	: Nandurbar District (Maharashtra)
Muthiyampatti	: Tirpur District (Tamil Nadu)

**Address for Correspondence:**

Mr. R. Pandwal  
Company Secretary  
Hindustan Zinc Limited  
Yashad Bhawan,  
Udaipur - 313 004,  
Rajasthan

# Corporate Governance Report continued

## **COMPLIANCE CERTIFICATE UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATION, 2015**

- A. We, Sunil Duggal, CEO & Whole-time Director and Swayam Saurabh, Chief Financial Officer of Hindustan Zinc Limited, have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee.
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

**Swayam Saurabh**  
Chief Financial Officer

**Sunil Duggal**  
CEO & Whole-time Director

Date: May 21, 2020  
Place: Udaipur

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,  
The Members,  
**Hindustan Zinc Limited**  
Yashad Bhavan,  
Yashadgarh,  
Udaipur, Rajasthan - 313 004

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Hindustan Zinc Limited and having CIN L27204RJ1966PLC001208 and having registered office at Yashad Bhavan, Yashadgarh, Udaipur, Rajasthan - 313 004 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sl. No.	Name of director(s)	Director Identification Number	Date of appointment in Company
1	Navin Agarwal	00006303	11.04.2002
2	Arun L. Todarwal	00020916	11.03.2015
3	A. R. Narayanaswamy	00818169	30.03.2009
4	Kiran Agarwal	02227122	02.03.2019
5	Sunil Duggal	07291685	01.10.2015
6	Farida M. Naik	07612050	14.03.2017
7	Reena Sinha Puri	07753040	29.12.2016

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**  
Company Secretaries

**Shashikant Tiwari**  
Partner  
Membership No. ACS 28994  
Certificate of Practice No. 13050  
UDIN: A028994B000174084

Date: April 29, 2020  
Place: Delhi



# Corporate Governance Report continued

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

### The Members of **Hindustan Zinc Limited**

1. The Corporate Governance Report prepared by Hindustan Zinc Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

### MANAGEMENT'S RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### AUDITOR'S RESPONSIBILITY

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. 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.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
  - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Register of Directors as on March 31, 2020 and verified that at least one independent woman director was on the Board of Directors throughout the year;
  - iv. Obtained and read the minutes of the following committee meetings/ other meetings held April 1, 2019 to March 31, 2020:
    - (a) Board of Directors;
    - (b) Audit Committee;
    - (c) Annual General Meeting (AGM) / Extra Ordinary General Meeting (EGM);
    - (d) Nomination and Remuneration Committee;
    - (e) Stakeholders Relationship Committee;
    - (f) Risk Management Committee.
  - v. Obtained necessary declarations from the directors of the Company.
  - vi. Obtained and read the policy adopted by the Company for related party transactions.

vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

#### **BASIS FOR QUALIFIED OPINION**

9. The number of independent directors in the Company were less than one-half of the total strength of the Board, the Chairperson of the Board being non-executive and related to Promoter and the Company did not have an independent woman director on its Board. Accordingly, the composition of the Board of Directors of the Company, to such an extent, was not in accordance with the conditions as stipulated under Regulation 17(1)(a) and 17(1)(b) of the Listing Regulations.

#### **QUALIFIED OPINION**

10. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to

us, except for the matter stated in paragraph 9 above, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

#### **OTHER MATTERS AND RESTRICTION ON USE**

11. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

12. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and 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 without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

per **Sudhir Soni**  
Partner  
Membership Number: 41870  
UDIN: 20041870AAAAAM4829

Place: Mumbai  
Date: May 21, 2020