

SCHEME OF ARRANGEMENT

BETWEEN

HINDUSTAN ZINC LIMITED

AND

ITS SHAREHOLDERS

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

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(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.

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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;

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**"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;

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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.







## 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

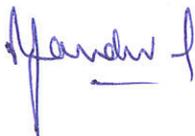
4.1 Upon the Scheme becoming effective and with effect from Appointed Date, amount of INR 10383,15,26,729 standing to the credit of the General Reserves, as appearing in books of accounts of the Company as on the Appointed Date, shall be reclassified, transferred to and shall form part of the Retained 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.

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- 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.

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**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







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.

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