

REPORT OF THE MEETING OF COMMITTEE OF INDEPENDENT DIRECTORS OF HINDUSTAN ZINC LIMITED ("COMPANY") RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN THE COMPANY AND ITS SHAREHOLDERS UNDER SECTION 230 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AT ITS MEETING HELD ON THURSDAY, JANUARY 06, 2022

The following Directors of the Company were present through video conferencing during discussion on the Scheme:

1. Mr. Akhilesh Joshi
2. Mr. Anjani K Agrawal

The following were present through video conferencing during discussion on the Scheme:

By invitation:

1. Mr. Sandeep Modi, Interim Chief Financial Officer

In attendance:

1. Mr. Rajendra Pandwal, Company Secretary

1. Background

- 1.1. A meeting of the Committee of Independent Directors of the Company ("**Committee of Independent Directors**") was held on January 06, 2022 to consider and recommend the proposed Scheme of Arrangement between the Company and its shareholders under Section 230 and other applicable provisions of the Companies Act, 2013 ("**Act**") ("**Scheme**").
- 1.2. The Committee of the Independent Directors of the Company noted that in terms of the Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 ("**SEBI Master Circular**") read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"), the Committee of the Independent Directors of the Company is required to recommend the draft Scheme to the Board of Directors of the Company after taking into account *inter alia*, the Scheme is not detrimental to the shareholders of the Company. This report of the Committee of the Independent Directors of the Company is made to comply with the requirements of the Listing Regulations and SEBI Master Circular and as amended from time to time.
- 1.3. The following documents were placed before the Committee of Independent Directors:
 - (a) Draft Scheme, duly initialed by the Company Secretary of the Company for the purpose of identification;



- (b) Draft certificate to be issued by M/s S.R. Batliboi & Co. LLP, Chartered Accountants, the Statutory Auditor of the Company ("Statutory Auditors"), specifying that the accounting treatment prescribed in the Scheme.
 - (c) Undertaking of the Company on non-applicability of conditions specified in Paragraph 10(b) read with Para 10(a) of Part I of the SEBI Master Circular;
 - (d) Draft certificate to be issued by Statutory Auditors of the Company viz., M/s. S. R. Batliboi & Co. LLP Chartered Accountants (ICAI Firm Registration No. 301003E/E300005) in relation to non-applicability of conditions specified in Paragraph 10(b) read with Paragraph 10(a) of Part I of the SEBI Master Circular;
 - (e) Financial statements of the Company for last 3 financial years; and
 - (f) Limited review unaudited financial results of the Company for the second quarter and half year ended September 30, 2021.
- 1.4. The Committee of the Independent Directors of the Company noted that 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. Pursuant to the Scheme, no shares/ consideration is proposed to be issued by the Company.

2. Proposed Scheme of Arrangement

- 2.1. The Committee of Independent Directors the Company noted the rationale and the benefits of the Scheme which, *inter-alia*, are as follows:
- a) 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.
 - b) 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.
 - c) 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.

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d) The Scheme is in the interest of all stakeholders of the Company.

3 Impact of the Scheme on the shareholders of the Company

- 3.1 Pursuant to the Scheme, there is no outflow of/ payout of funds from the Company. The Scheme does not entail any discharge of consideration by the Company to its shareholders. Hence, the interest of the shareholders is not adversely affected. The Company's equity capital structure and the shareholding pattern subsequent to the Scheme will remain unchanged.
- 3.2 The Scheme does not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.
- 3.3 The proposed Scheme is expected to be beneficial to the Company and its shareholders and all other stakeholders in large and is not detrimental to the shareholders of the Company.

4 Recommendation of the Committee of Independent Directors

The Committee of Independent Directors, *inter alia*, having noted the rationale, benefits and the impact of the Scheme on shareholders and in particular the fact that the Scheme is not detrimental to the interests of shareholders of the Company and in consideration of the documents placed before it, approves and recommends the Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Committee of the Independent Directors

For and on Behalf of HINDUSTAN ZINC LIMITED



Mr. Akhilesh Joshi
Chairman of the Meeting
Place: Udaipur
Date: January 06, 2022

